

FISCAL BIENNIUM 2006-2008 COMMONWEALTH BUDGET FINAL BUDGET MEMORANDUM

VOLUME III

Legislative Research Commission

June 7, 2006

This FB 2006-2008 Commonwealth Budget Final Budget Memorandum, as approved by the Legislative Research Commission pursuant to 2006 HJR 93, enumerates the changes made by the 2006 General Assembly to HB 380, the State/Executive Branch Budget Bill, and provides explanatory detail to convey the intent of their actions. This report addresses not only provisions of HB 380, but also applicable provisions of HB 557 that impact, add, or modify appropriation and revenue provisions contained in HB 380.

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**FISCAL BIENNIUM 2006-2008 COMMONWEALTH BUDGET
FINAL BUDGET MEMORANDUM**

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Commerce Cabinet

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FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

COMMERCE CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Secretary	3,824,500	3,824,500		4,094,300	4,135,300	41,000	4,135,900	4,176,900	41,000
Artisans Center	2,242,000	2,242,000		2,325,200	2,325,200		2,349,600	2,349,600	
Energy Policy	10,955,800	10,955,800		10,124,300	10,124,300		10,124,300	10,124,300	
Tourism	16,030,600	16,030,600		15,830,500	15,830,500		16,376,500	16,376,500	
Parks	82,035,900	82,035,900		83,011,100	83,196,100	185,000	85,158,000	87,481,000	2,323,000
Horse Park Commission	7,687,200	7,687,200		7,947,500	7,947,500		11,124,700	11,280,700	156,000
State Fair Board	36,567,300	36,567,300		37,455,400	37,455,400		38,333,700	38,375,700	42,000
Fish and Wildlife Resources	39,305,700	39,305,700		38,842,400	38,842,400		39,908,100	39,908,100	
Historical Society	7,890,600	8,015,600	125,000	8,417,300	10,527,900	2,110,600	7,223,100	9,381,900	2,158,800
Arts Council	5,343,400	5,343,400		5,855,200	5,390,000	(465,200)	5,242,200	5,375,200	133,000
Heritage Council	2,394,100	2,394,100		2,038,300	2,078,300	40,000	2,056,100	2,056,100	
Kentucky Center for the Arts	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,264,400	150,000
Regular Appropriation	216,001,100	216,126,100	125,000	217,055,900	218,967,300	1,911,400	223,146,600	228,150,400	5,003,800

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

COMMERCE CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Secretary	2,838,700	2,838,700		3,048,100	3,089,100	41,000	3,073,000	3,114,000	41,000
Artisans Center	156,200	156,200		156,200	156,200		156,200	156,200	
Energy Policy	2,341,500	2,341,500		2,341,500	2,341,500		2,341,500	2,341,500	
Tourism	8,030,600	8,030,600		7,130,500	7,130,500		7,176,500	7,176,500	
Parks	28,169,500	28,169,500		27,978,400	27,978,400		28,822,400	31,145,400	2,323,000
Horse Park Commission	1,621,200	1,621,200		1,708,200	1,708,200		4,878,200	5,034,200	156,000
State Fair Board	396,800	396,800		396,800	396,800		511,800	553,800	42,000
Historical Society	6,001,100	6,126,100	125,000	6,762,800	8,762,800	2,000,000	6,013,500	8,045,500	2,032,000
Arts Council	4,126,700	4,126,700		4,668,400	4,203,200	(465,200)	4,049,500	4,182,500	133,000
Heritage Council	900,000	900,000		900,000	940,000	40,000	900,000	900,000	
Kentucky Center for the Arts	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,264,400	150,000
Regular Appropriation	56,306,300	56,431,300	125,000	56,205,300	57,821,100	1,615,800	59,037,000	63,914,000	4,877,000

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Secretary	99,100	99,100	
Reserve Spending	99,100	99,100	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

COMMERCE CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Secretary	985,800	985,800		1,046,200	1,046,200		1,062,900	1,062,900	
Artisans Center	2,085,800	2,085,800		2,169,000	2,169,000		2,193,400	2,193,400	
Energy Policy	6,277,800	6,277,800		5,400,000	5,400,000		5,400,000	5,400,000	
Tourism	8,000,000	8,000,000		8,700,000	8,700,000		9,200,000	9,200,000	
Parks	53,290,400	53,290,400		55,032,700	55,217,700	185,000	56,335,600	56,335,600	
Horse Park Commission	6,066,000	6,066,000		6,239,300	6,239,300		6,246,500	6,246,500	
State Fair Board	36,170,500	36,170,500		37,058,600	37,058,600		37,821,900	37,821,900	
Fish and Wildlife Resources	28,441,700	28,441,700		28,778,500	28,778,500		29,810,000	29,810,000	
Historical Society	664,500	664,500		760,900	760,900		819,600	819,600	
Arts Council	438,900	438,900		441,900	441,900		452,700	452,700	
Heritage Council	825,100	825,100		469,300	469,300		487,100	487,100	
Regular Appropriation	143,246,500	143,246,500		146,096,400	146,281,400	185,000	149,829,700	149,829,700	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

COMMERCE CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Energy Policy	2,336,500	2,336,500		2,382,800	2,382,800		2,382,800	2,382,800	
Parks	576,000	576,000							
Fish and Wildlife Resources	10,864,000	10,864,000		10,063,900	10,063,900		10,098,100	10,098,100	
Historical Society	1,225,000	1,225,000		893,600	1,004,200	110,600	390,000	516,800	126,800
Arts Council	777,800	777,800		744,900	744,900		740,000	740,000	
Heritage Council	669,000	669,000		669,000	669,000		669,000	669,000	
Regular Appropriation	16,448,300	16,448,300		14,754,200	14,864,800	110,600	14,279,900	14,406,700	126,800

B - Commerce Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	56,306,300	56,431,300	125,000	56,205,300	57,821,100	1,615,800	59,037,000	63,914,000	4,877,000
Restricted Funds	143,246,500	143,246,500		146,096,400	146,281,400	185,000	149,829,700	149,829,700	
Federal Funds	16,448,300	16,448,300		14,754,200	14,864,800	110,600	14,279,900	14,406,700	126,800
Regular Total Funds	216,001,100	216,126,100	125,000	217,055,900	218,967,300	1,911,400	223,146,600	228,150,400	5,003,800
Use of Continuing	99,100	99,100							
TOTAL FUNDS	216,100,200	216,225,200	125,000	217,055,900	218,967,300	1,911,400	223,146,600	228,150,400	5,003,800

II. EXPENDITURE CATEGORY

Personnel Costs	122,950,400	122,950,400		125,036,600	125,036,600		128,119,800	128,119,800	
Operating Expenses	59,614,000	59,614,000		59,469,300	59,469,300		59,491,200	59,491,200	
Grants, Loans, Benefits	26,048,500	26,173,500	125,000	26,266,800	27,993,200	1,726,400	24,901,900	27,352,700	2,450,800
Debt Service	4,012,900	4,012,900		4,322,100	4,322,100		8,626,400	11,179,400	2,553,000
Capital Outlay	2,714,400	2,714,400		1,961,100	2,146,100	185,000	2,007,300	2,007,300	
Construction	760,000	760,000							
TOTAL EXPENDITURES	216,100,200	216,225,200	125,000	217,055,900	218,967,300	1,911,400	223,146,600	228,150,400	5,003,800

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	56,306,300	56,306,300		54,770,100	54,770,100		54,821,000	54,821,000	
Restricted Funds	143,031,100	143,031,100		144,464,000	144,464,000		148,060,900	148,060,900	
Federal Funds	16,448,300	16,448,300		14,210,200	14,320,800	110,600	13,701,700	13,828,500	126,800
Regular Total Funds	215,785,700	215,785,700		213,444,300	213,554,900	110,600	216,583,600	216,710,400	126,800
Use of Continuing	99,100	99,100							
TOTAL BASE LEVEL	215,884,800	215,884,800		213,444,300	213,554,900	110,600	216,583,600	216,710,400	126,800

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund		125,000	125,000	1,435,200	3,051,000	1,615,800	4,216,000	9,093,000	4,877,000
Restricted Funds	215,400	215,400		1,632,400	1,817,400	185,000	1,768,800	1,768,800	
Federal Funds				544,000	544,000		578,200	578,200	
TOTAL ADDITIONAL	215,400	340,400	125,000	3,611,600	5,412,400	1,800,800	6,563,000	11,440,000	4,877,000

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B - Commerce Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				9,870,000	16,570,000	6,700,000	17,100,000	11,200,000	(5,900,000)
Federal Funds				750,000	750,000				
Bond Funds				45,008,000	98,367,000	53,359,000			
Capital Construction Surplus				238,000	238,000				
Investment Income				3,475,000	3,475,000		4,725,000	4,725,000	
Other Funds				34,680,000	34,680,000				
TOTAL CAPITAL				94,021,000	154,080,000	60,059,000	21,825,000	15,925,000	(5,900,000)

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B - Commerce Cabinet**Operating Budget****Secretary**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,838,700	2,838,700		3,048,100	3,089,100	41,000	3,073,000	3,114,000	41,000
Restricted Funds	985,800	985,800		1,046,200	1,046,200		1,062,900	1,062,900	
Regular Total Funds	3,824,500	3,824,500		4,094,300	4,135,300	41,000	4,135,900	4,176,900	41,000
Use of Continuing	99,100	99,100							
TOTAL FUNDS	3,923,600	3,923,600		4,094,300	4,135,300	41,000	4,135,900	4,176,900	41,000
II. EXPENDITURE CATEGORY									
Personnel Costs	2,943,000	2,943,000		3,134,000	3,134,000		3,187,500	3,187,500	
Operating Expenses	591,900	591,900		613,400	613,400		613,400	613,400	
Grants, Loans, Benefits	335,000	335,000		335,000	376,000	41,000	335,000	376,000	41,000
Capital Outlay	53,700	53,700		11,900	11,900				
TOTAL EXPENDITURES	3,923,600	3,923,600		4,094,300	4,135,300	41,000	4,135,900	4,176,900	41,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,838,700	2,838,700		3,048,100	3,048,100		3,073,000	3,073,000	
Restricted Funds	985,800	985,800		994,900	994,900		1,009,200	1,009,200	
Regular Total Funds	3,824,500	3,824,500		4,043,000	4,043,000		4,082,200	4,082,200	
Use of Continuing	99,100	99,100							
TOTAL BASE LEVEL	3,923,600	3,923,600		4,043,000	4,043,000		4,082,200	4,082,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					41,000	41,000		41,000	41,000
Restricted Funds				51,300	51,300		53,700	53,700	
TOTAL ADDITIONAL				51,300	92,300	41,000	53,700	94,700	41,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Secretary - Capital Plaza Operations									
ABR8500006 Provide support for two (2) positions.									
Restricted Funds				51,300	51,300		53,700	53,700	
Project Total				51,300	51,300		53,700	53,700	
2 NEW Fort Harrod Outdoor Drama Grant									
ABR8500008 Provide funds to support an outdoor drama grant.									
General Fund					41,000	41,000		41,000	41,000
Project Total					41,000	41,000		41,000	41,000

B - Commerce Cabinet**Operating Budget****Secretary**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL				51,300	92,300	41,000	53,700	94,700	41,000

TRANSFERS TO THE GENERAL FUND**Secretary**

Agency Revenue Fund	190,700	190,700
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TOTAL	190,700	190,700
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**Fiscal Biennium 2006-2008
Budget Modification Report**

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Office of the Secretary

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of the Secretary, Restricted Funds of \$190,700 in fiscal year 2005-2006.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds a Part I, Operating Budget, language provision as follows:

"Outdoor Drama Grants: Included in the above General Fund appropriation is \$371,000 in each fiscal year for the purpose of supporting the following grants: Someday Outdoor Drama, \$20,000 in each fiscal year; Stephen Foster, \$81,000 in each fiscal year; Pioneer School of Drama, \$28,500 in each fiscal year; Music Theatre of Louisville, \$9,000 in each fiscal year; Pine Knob Theater, \$29,500 in each fiscal year; Kincaid Regional Theatre, \$27,500 in each fiscal year; Twilight Cabaret, \$9,000 in each fiscal year; Horse Cave Theatre, \$26,000 in each fiscal year; Jenny Wiley, \$39,500 in each fiscal year; Indian Fort Drama of Berea, \$25,000 in each fiscal year; Fort Harrod Drama Productions, \$41,000 in each fiscal year; Greenbo Lake State Resort Park, \$10,000 in each fiscal year; and Russell County Ruscotown Players Production, \$25,000 in each fiscal year."

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 557, Section 14, provides the following:

"On page 41, line 18 of 2006 of 2006 Regular Session HB 380/EN, delete "Drama Productions" and insert in lieu thereof "State Park Outdoor Theater".

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B - Commerce Cabinet

Operating Budget

Artisans Center

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	156,200	156,200		156,200	156,200		156,200	156,200	
Restricted Funds	2,085,800	2,085,800		2,169,000	2,169,000		2,193,400	2,193,400	
Regular Total Funds	2,242,000	2,242,000		2,325,200	2,325,200		2,349,600	2,349,600	
Use of Continuing									
TOTAL FUNDS	2,242,000	2,242,000		2,325,200	2,325,200		2,349,600	2,349,600	
II. EXPENDITURE CATEGORY									
Personnel Costs	985,800	985,800		1,108,800	1,108,800		1,133,200	1,133,200	
Operating Expenses	1,256,200	1,256,200		1,216,400	1,216,400		1,216,400	1,216,400	
TOTAL EXPENDITURES	2,242,000	2,242,000		2,325,200	2,325,200		2,349,600	2,349,600	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	156,200	156,200		156,200	156,200		156,200	156,200	
Restricted Funds	1,960,000	1,960,000		2,023,200	2,023,200		2,042,700	2,042,700	
Regular Total Funds	2,116,200	2,116,200		2,179,400	2,179,400		2,198,900	2,198,900	
Use of Continuing									
TOTAL BASE LEVEL	2,116,200	2,116,200		2,179,400	2,179,400		2,198,900	2,198,900	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds	125,800	125,800		145,800	145,800		150,700	150,700	
TOTAL ADDITIONAL	125,800	125,800		145,800	145,800		150,700	150,700	
V. ADDITIONAL BUDGET ITEMS									
1 GB Artisans Center									
ABR8520002 Provide support for five (5) positions.									
Restricted Funds	86,000	86,000		145,800	145,800		150,700	150,700	
Project Total	86,000	86,000		145,800	145,800		150,700	150,700	
2 EXPAN Artisan Center									
ABR8520003 Provide support for additional current year funding for operating expenses.									
Restricted Funds	39,800	39,800							
Project Total	39,800	39,800							
TOTAL ADDITIONAL	125,800	125,800		145,800	145,800		150,700	150,700	

B - Commerce Cabinet**Operating Budget****Artisans Center**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Artisans Center									
Other Special Revenue	307,100	307,100							
Fund									
TOTAL	307,100	307,100							

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Artisans Center

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Artisans Center, Restricted Funds of \$307,100 in fiscal year 2005-2006.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

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B - Commerce Cabinet

Operating Budget

Energy Policy

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,341,500	2,341,500		2,341,500	2,341,500		2,341,500	2,341,500	
Restricted Funds	6,277,800	6,277,800		5,400,000	5,400,000		5,400,000	5,400,000	
Federal Funds	2,336,500	2,336,500		2,382,800	2,382,800		2,382,800	2,382,800	
Regular Total Funds	10,955,800	10,955,800		10,124,300	10,124,300		10,124,300	10,124,300	
Use of Continuing									
TOTAL FUNDS	10,955,800	10,955,800		10,124,300	10,124,300		10,124,300	10,124,300	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,008,000	1,008,000		1,030,800	1,030,800		1,049,600	1,049,600	
Operating Expenses	535,100	535,100		445,500	445,500		445,500	445,500	
Grants, Loans, Benefits	9,412,700	9,412,700		8,648,000	8,648,000		8,629,200	8,629,200	
TOTAL EXPENDITURES	10,955,800	10,955,800		10,124,300	10,124,300		10,124,300	10,124,300	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,341,500	2,341,500		2,341,500	2,341,500		2,341,500	2,341,500	
Restricted Funds	6,188,200	6,188,200		5,400,000	5,400,000		5,400,000	5,400,000	
Federal Funds	2,336,500	2,336,500		2,382,800	2,382,800		2,382,800	2,382,800	
Regular Total Funds	10,866,200	10,866,200		10,124,300	10,124,300		10,124,300	10,124,300	
Use of Continuing									
TOTAL BASE LEVEL	10,866,200	10,866,200		10,124,300	10,124,300		10,124,300	10,124,300	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds	89,600	89,600							
TOTAL ADDITIONAL	89,600	89,600							
V. ADDITIONAL BUDGET ITEMS									
1 CONT Energy Policy									
ABR8550004 Provide additional current year funding for operating expenses.									
Restricted Funds	89,600	89,600							
Project Total	89,600	89,600							
TOTAL ADDITIONAL	89,600	89,600							

TRANSFERS TO THE GENERAL FUND

Energy Policy

B - Commerce Cabinet**Operating Budget****Energy Policy**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Agency Revenue Fund (KRS 132.020(5))	506,300	506,300							
TOTAL	506,300	506,300							

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Energy Policy

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of Energy Policy, Restricted Funds of \$506,300 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Energy Research and Development: Included in the above Restricted Funds appropriation is \$3,500,000 in fiscal year 2006-2007 and \$3,500,000 in fiscal year 2007-2008 for energy research and development projects in coal-producing counties."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds a Part I, Operating Budget, language provision as follows:

"Energy Research and Development: Included in the above Restricted Funds appropriation is \$3,500,000 in fiscal year 2006-2007 and \$3,500,000 in fiscal year 2007-2008 which shall be used for research projects relating to clean coal, new combustion technology, thin-seam coal extraction research, synthetic natural gas produced from coal through gasification processes, and the development of alternative transportation fuels produced by processes that convert coal or biomass resources or extract oil from oil shale and shall be targeted solely to Kentucky's Local Government Economic Development Fund eligible counties. The Office of Energy Policy shall coordinate its efforts with those of Kentucky's universities and related Kentucky Community and Technical College System programs in order to maximize Kentucky's opportunities for federal funding and receive research grants and awards from federal and other sources of funding for the development of clean coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and biomass energy resources."

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B - Commerce Cabinet

Operating Budget

Tourism

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	8,030,600	8,030,600		7,130,500	7,130,500		7,176,500	7,176,500	
Restricted Funds	8,000,000	8,000,000		8,700,000	8,700,000		9,200,000	9,200,000	
Regular Total Funds	16,030,600	16,030,600		15,830,500	15,830,500		16,376,500	16,376,500	
Use of Continuing									
TOTAL FUNDS	16,030,600	16,030,600		15,830,500	15,830,500		16,376,500	16,376,500	
II. EXPENDITURE CATEGORY									
Personnel Costs	5,640,300	5,640,300		5,723,100	5,723,100		5,788,300	5,788,300	
Operating Expenses	1,211,700	1,211,700		1,211,700	1,211,700		1,211,800	1,211,800	
Grants, Loans, Benefits	9,178,600	9,178,600		8,895,700	8,895,700		9,376,400	9,376,400	
TOTAL EXPENDITURES	16,030,600	16,030,600		15,830,500	15,830,500		16,376,500	16,376,500	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	8,030,600	8,030,600		7,130,500	7,130,500		7,176,500	7,176,500	
Restricted Funds	8,000,000	8,000,000		8,700,000	8,700,000		9,200,000	9,200,000	
Regular Total Funds	16,030,600	16,030,600		15,830,500	15,830,500		16,376,500	16,376,500	
Use of Continuing									
TOTAL BASE LEVEL	16,030,600	16,030,600		15,830,500	15,830,500		16,376,500	16,376,500	
TRANSFERS TO THE GENERAL FUND									
Tourism									
Agency Revenue Fund	204,000	204,000							
TOTAL	204,000	204,000							

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Tourism

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Tourism, Restricted Funds of \$204,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Tourism Marketing and Development: Included in the above Restricted Funds appropriation is \$1,000,000 in fiscal year 2006-2007 and \$1,000,000 in fiscal year 2007-2008 for Tourism Marketing and Development on behalf of the coal-producing counties."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly adds Part I, Operating Budget, language provisions as follows:

"Tourism Marketing and Development: Included in the above Restricted Funds appropriation is \$1,000,000 in fiscal year 2006-2007 and \$1,000,000 in fiscal year 2007-2008 for Tourism Marketing and Development on behalf of the coal-producing counties. Fees for professional artists and entertainers performing on the Kentucky Music Trail may be paid from the Tourism Marketing Program."

"Bluegrass State Games: Included in the above General Fund appropriation is \$50,000 in each year of the biennium for the Bluegrass State Games."

B - Commerce Cabinet**Operating Budget****Parks**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	28,169,500	28,169,500		27,978,400	27,978,400		28,822,400	31,145,400	2,323,000
Restricted Funds	53,290,400	53,290,400		55,032,700	55,217,700	185,000	56,335,600	56,335,600	
Federal Funds	576,000	576,000							
Regular Total Funds	82,035,900	82,035,900		83,011,100	83,196,100	185,000	85,158,000	87,481,000	2,323,000
Use of Continuing									
TOTAL FUNDS	82,035,900	82,035,900		83,011,100	83,196,100	185,000	85,158,000	87,481,000	2,323,000
II. EXPENDITURE CATEGORY									
Personnel Costs	52,287,400	52,287,400		53,851,900	53,851,900		55,058,500	55,058,500	
Operating Expenses	28,900,500	28,900,500		28,887,200	28,887,200		28,983,500	28,983,500	
Grants, Loans, Benefits	191,100	191,100		191,100	191,100		191,100	191,100	
Debt Service							844,000	3,167,000	2,323,000
Capital Outlay	656,900	656,900		80,900	265,900	185,000	80,900	80,900	
TOTAL EXPENDITURES	82,035,900	82,035,900		83,011,100	83,196,100	185,000	85,158,000	87,481,000	2,323,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	28,169,500	28,169,500		27,978,400	27,978,400		27,978,400	27,978,400	
Restricted Funds	53,290,400	53,290,400		55,032,700	55,032,700		56,335,600	56,335,600	
Federal Funds	576,000	576,000							
Regular Total Funds	82,035,900	82,035,900		83,011,100	83,011,100		84,314,000	84,314,000	
Use of Continuing									
TOTAL BASE LEVEL	82,035,900	82,035,900		83,011,100	83,011,100		84,314,000	84,314,000	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund							844,000	3,167,000	2,323,000
Restricted Funds					185,000	185,000			
TOTAL ADDITIONAL					185,000	185,000	844,000	3,167,000	2,323,000
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Debt Service									
ABR6700011	Provide support for \$8 million in Bond Funds. Governor Fletcher vetoed this project; therefore, these funds shall lapse to the credit of the General Fund in FY 2007-2008.								
General Fund							844,000	373,000	(471,000)
Project Total							844,000	373,000	(471,000)

B - Commerce Cabinet**Operating Budget****Parks**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	NEW	Debt Service									
ABR6700024			Provide debt service to support \$60 million in Bond Funds. Governor Fletcher vetoed language earmarking these funds for new debt service, but does not veto the appropriation.								
General Fund										2,794,000	2,794,000
Project Total										2,794,000	2,794,000
3	NEW	Move Nicholas Hildreth School to Blue Licks State Park									
ABR6700025			Provide funds to move the school building to the state park.								
Restricted Funds							60,000	60,000			
Project Total							60,000	60,000			
4	EXPAN	Buckhorn Lake State Park Boat Slips									
ABR6700018			Provide support to construct boat slips at Buckhorn Lake State Park. Governor Fletcher vetoed this project and language earmarking these funds.								
Restricted Funds							125,000	125,000			
Project Total							125,000	125,000			
TOTAL ADDITIONAL							185,000	185,000	844,000	3,167,000	2,323,000

**Fiscal Biennium 2006-2008
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Parks

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Park Capital Maintenance and Renovation Fund: Notwithstanding KRS 148.810, the General Assembly authorizes the use of the Park Capital Maintenance and Renovation Fund for any ongoing cost of the Department of Parks."

"Debt Service: Included in the above General Fund appropriation is \$844,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Permitted Use of Funds: These Bond Funds may be used for any Department of Parks or Kentucky Horse Park Commission facility owned by the Commonwealth."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly adds Part I, Operating Budget, language provisions as follows:

"Debt Service: Included in the above General Fund appropriation is \$3,167,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

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Parks

"Nicholas Hildreth School: Included in the above Restricted Funds appropriation is \$60,000 in fiscal year 2006-2007 to move the Nicholas Hildreth School to Blue Licks Battlefield State Park."

"Buckhorn Lake State Park: Included in the above Restricted Funds appropriation is \$125,000 in fiscal year 2006-2007 to construct boat slips at Buckhorn Lake State Park."

The General Assembly amends a Part II, Capital Projects Budget, language provision regarding the Parks Renovation Pool as follows:

"Permitted Use of Funds: These Bond Funds may be used for any Department of Parks or Kentucky Horse Park Commission facility owned, leased, or maintained by the Commonwealth."

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 557, Section 18, provides the following:

"Parks Development Pool: Included in the above Parks Development Pool are the following capital projects in an amount not to exceed the following:

Big Bone Lick State Park	2,500,000
Cumberland Falls Resort Park Campground	5,000,000
Cumberland Falls Resort Park Golf Course	9,700,000
Dale Hollow Resort Park Pool/Villas/Condos/Cabins	7,900,000
E. P. "Tom" Sawyer State Park Convention Center	1,000,000
Fort Boonesborough State Park Land Acquisition	1,500,000
General Burnside State Park Golf and Lodge Infrastructure	7,250,000
Grayson Lake State Park Villas/Condos/Cabins/Pavilion	6,000,000
Green River Lake State Park Infrastructure/ Development Costs	4,000,000
Greenbo Lake Resort Park Cottages	1,000,000
Herrington Lake State Park Land Acquisition and Development	2,500,000
John James Audubon State Park Campground and Entrance	2,500,000
Kincaid Lake State Park Infrastructure	1,200,000
Lake Cumberland Resort Park Conference Center	6,000,000

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Parks

Nolin Lake State Park Cottages	1,000,000
Yatesville Lake State Park Villas/Condos/Cabins/Pavilion	6,000,000."

The Governor of the Commonwealth vetoes, in part, the following:

Partial Veto #4 of HB 380 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:*

...Page 43, lines 11 through 13, in their entirety....

...Page 160, lines 23 through 27, in their entirety....

These parts represent capital projects authorized for bond financing. I am vetoing these projects because it is my belief that the Commonwealth cannot afford to sustain the debt that would have to be incurred to fund them without jeopardizing its credit rating and financial future. To fund these projects would limit the Commonwealth's ability to adequately fund its operating expenses in the short and long term. The overall level of debt of the Commonwealth has ballooned in recent years. Record levels of debt were approved in both the 2005 General Assembly and the 2006 General Assembly. In comparison to other states, the debt per capita for Kentucky has increased substantially while most states have held constant or reduced their relative debt levels. I do not take issue with the merit of any one of these projects, or their ability to have a positive impact on our Commonwealth. My concern is the overall level of debt that we will rely on our children and grandchildren to honor.

The credit rating services closely review the degree to which the Commonwealth can meet recurring expenditures with recurring revenues. I am concerned about the structural imbalance in the operating budget. However, due to the structure of the appropriations Act, there is limited ability to impact the appropriation levels in the budget without jeopardizing entire programs. Many of the projects vetoed herein were only provided with a half year of debt service in the biennium, adding to the structural imbalance that will have to be addressed in the succeeding biennial budget. The debt service for these capital projects represents \$11,076,000 in General Fund appropriations in fiscal year 2007-2008. These appropriations will lapse to the General Fund Surplus account."

Partial Veto #7 of HB 380 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:*

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Parks

Page 43, lines 17 through 19, in their entirety.

This part mandates that \$125,000 in Restricted Funds from the Department of Parks be used to construct boat slips at Buckhorn Lake State Park. I am vetoing this part because House Bill 380 did not provide any additional money for this project, and the budget for the Department is already constrained by the obligation to continue current levels of service within the amounts appropriated."

Partial Veto #1 of HB 557 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:*

...Page 39, lines 2 through 23, in their entirety....

These parts amend parts of House Bill 380 which I simultaneously have vetoed, rendering these vetoed parts of House Bill 557 superfluous."

B - Commerce Cabinet**Capital Budget****Parks**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				9,000,000	60,000,000	51,000,000			
Investment Income				2,740,000	2,740,000		3,990,000	3,990,000	
Other Funds				1,000,000	1,000,000				
TOTAL CAPITAL				12,740,000	63,740,000	51,000,000	3,990,000	3,990,000	
II. CAPITAL PROJECTS									
1	Maintenance Pool								
PRJ6701586									
Investment Income				2,740,000	2,740,000		3,990,000	3,990,000	
Project Total				2,740,000	2,740,000		3,990,000	3,990,000	
2	Parks Renovation Pool (VETOED BY GOVERNOR)								
PRJ6701593									
Bond Funds				8,000,000	8,000,000	(8,000,000)			
Project Total				8,000,000		(8,000,000)			
3	Parks Development Pool								
PRJ6701603									
Bond Funds					60,000,000	60,000,000			
Project Total					60,000,000	60,000,000			
4	Construct Convention Center -E.P. "Tom" Sawyer								
PRJ6701583									
Bond Funds				1,000,000		(1,000,000)			
Other Funds				1,000,000	1,000,000				
Project Total				2,000,000	1,000,000	(1,000,000)			
TOTAL CAPITAL				12,740,000	63,740,000	51,000,000	3,990,000	3,990,000	

Note: Boxed figure denotes enacted amount that was vetoed by the Governor and is not included in the totals.

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B - Commerce Cabinet**Operating Budget****Horse Park Commission**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,621,200	1,621,200		1,708,200	1,708,200		4,878,200	5,034,200	156,000
Restricted Funds	6,066,000	6,066,000		6,239,300	6,239,300		6,246,500	6,246,500	
Regular Total Funds	7,687,200	7,687,200		7,947,500	7,947,500		11,124,700	11,280,700	156,000
Use of Continuing									
TOTAL FUNDS	7,687,200	7,687,200		7,947,500	7,947,500		11,124,700	11,280,700	156,000
II. EXPENDITURE CATEGORY									
Personnel Costs	4,622,900	4,622,900		4,776,000	4,776,000		4,783,200	4,783,200	
Operating Expenses	3,034,400	3,034,400		3,141,600	3,141,600		3,068,600	3,068,600	
Debt Service							3,243,000	3,399,000	156,000
Capital Outlay	29,900	29,900		29,900	29,900		29,900	29,900	
TOTAL EXPENDITURES	7,687,200	7,687,200		7,947,500	7,947,500		11,124,700	11,280,700	156,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	1,621,200	1,621,200		1,621,200	1,621,200		1,621,200	1,621,200	
Restricted Funds	6,066,000	6,066,000		6,019,900	6,019,900		6,020,000	6,020,000	
Regular Total Funds	7,687,200	7,687,200		7,641,100	7,641,100		7,641,200	7,641,200	
Use of Continuing									
TOTAL BASE LEVEL	7,687,200	7,687,200		7,641,100	7,641,100		7,641,200	7,641,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				87,000	87,000		3,257,000	3,413,000	156,000
Restricted Funds				219,400	219,400		226,500	226,500	
TOTAL ADDITIONAL				306,400	306,400		3,483,500	3,639,500	156,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Horse Park									
ABR6650001 Provide funds to support personnel expenses for three (3) vacant positions.									
Restricted Funds				99,400	99,400		106,500	106,500	
Project Total				99,400	99,400		106,500	106,500	
2 GB Horse Park									
ABR6650002 Provide funds to support operating expenses.									
Restricted Funds				120,000	120,000		120,000	120,000	
Project Total				120,000	120,000		120,000	120,000	

B - Commerce Cabinet**Operating Budget****Horse Park Commission**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3	NEW	Horse Park									
ABR6650006 Provide funds to support travel and promotional expenses associated with the World Equestrian Games.											
General Fund						87,000	87,000		14,000	14,000	
Project Total						87,000	87,000		14,000	14,000	
4	NEW	Debt Service									
ABR6650007 Provide debt service to support \$36.5 million in Bond Funds.											
General Fund									3,243,000	3,399,000	156,000
Project Total									3,243,000	3,399,000	156,000
TOTAL ADDITIONAL						306,400	306,400		3,483,500	3,639,500	156,000

TRANSFERS TO THE GENERAL FUND**Horse Park Commission**

Kentucky Horse Park Fund	40,800	40,800
TOTAL	40,800	40,800

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Horse Park Commission

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Horse Park Commission, Restricted Funds of \$40,800 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Debt Service: Included in the above General Fund appropriation is \$3,243,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends a Part I, Operating Budget, language provision as follows:

"Debt Service: Included in the above General Fund appropriation is \$3,399,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

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B - Commerce Cabinet**Capital Budget****Horse Park Commission**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				34,820,000	36,500,000	1,680,000			
Investment Income				575,000	575,000		575,000	575,000	
Other Funds				33,680,000	33,680,000				
TOTAL CAPITAL				69,075,000	70,755,000	1,680,000	575,000	575,000	
II. CAPITAL PROJECTS									
1	Maintenance Pool								
PRJ6651537									
Investment Income				575,000	575,000		575,000	575,000	
Project Total				575,000	575,000		575,000	575,000	
2	Construct New Indoor Arena								
PRJ6651534									
Bond Funds				34,820,000	36,500,000	1,680,000			
Other Funds				6,180,000	6,180,000				
Project Total				41,000,000	42,680,000	1,680,000			
3	Construct Hotel/Conference Center								
PRJ6651538									
Other Funds				27,500,000	27,500,000				
Project Total				27,500,000	27,500,000				
4	Construct Permanent Seating Stadium Jump Area Reauthorization								
PRJ6651536									
Other Funds									
Project Total									
TOTAL CAPITAL				69,075,000	70,755,000	1,680,000	575,000	575,000	

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B - Commerce Cabinet**Operating Budget****State Fair Board**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	396,800	396,800		396,800	396,800		511,800	553,800	42,000
Restricted Funds	36,170,500	36,170,500		37,058,600	37,058,600		37,821,900	37,821,900	
Regular Total Funds	36,567,300	36,567,300		37,455,400	37,455,400		38,333,700	38,375,700	42,000
Use of Continuing									
TOTAL FUNDS	36,567,300	36,567,300		37,455,400	37,455,400		38,333,700	38,375,700	42,000
II. EXPENDITURE CATEGORY									
Personnel Costs	19,244,700	19,244,700		19,953,000	19,953,000		20,535,500	20,535,500	
Operating Expenses	11,439,700	11,439,700		11,435,800	11,435,800		11,454,800	11,454,800	
Grants, Loans, Benefits	1,620,000	1,620,000		1,610,000	1,610,000		1,611,400	1,611,400	
Debt Service	4,012,900	4,012,900		4,322,100	4,322,100		4,539,400	4,581,400	42,000
Capital Outlay	250,000	250,000		134,500	134,500		192,600	192,600	
TOTAL EXPENDITURES	36,567,300	36,567,300		37,455,400	37,455,400		38,333,700	38,375,700	42,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	396,800	396,800		396,800	396,800		396,800	396,800	
Restricted Funds	36,170,500	36,170,500		36,545,800	36,545,800		37,231,800	37,231,800	
Regular Total Funds	36,567,300	36,567,300		36,942,600	36,942,600		37,628,600	37,628,600	
Use of Continuing									
TOTAL BASE LEVEL	36,567,300	36,567,300		36,942,600	36,942,600		37,628,600	37,628,600	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund							115,000	157,000	42,000
Restricted Funds				512,800	512,800		590,100	590,100	
TOTAL ADDITIONAL				512,800	512,800		705,100	747,100	42,000
V. ADDITIONAL BUDGET ITEMS									
1 GB State Fair Board - KY Fair & Exposition Center									
ABR2350002	Provide funds to support personnel (one (1) full-time position), operating, grant and capital outlay expenses.								
Restricted Funds				434,500	434,500		505,400	505,400	
Project Total				434,500	434,500		505,400	505,400	
2 GB State Fair Board - KY International Convention Center									
ABR2350001	Provide funds to support personnel (one (1) new full-time position), operating, grant and capital outlay expenses.								
Restricted Funds				78,300	78,300		84,700	84,700	
Project Total				78,300	78,300		84,700	84,700	

B - Commerce Cabinet**Operating Budget****State Fair Board**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3	NEW	Debt Service									
ABR2350006			Provide debt service to support Bond Funds totaling \$1,250,000 to replace the roof of the Pavilion at the KY State Fair and Exposition Center.								
General Fund									115,000	61,000	(54,000)
Project Total									115,000	61,000	(54,000)
4	EXPAN	Debt Service									
ABR2350008			Provide debt service to support \$2 million in Bond Funds to upgrade HVAC systems at the KY State Fair and Exposition Center. Governor Fletcher vetoed this project; therefore, these funds shall lapse to the credit of the General Fund in FY 2007-2008.								
General Fund										96,000	96,000
Project Total										96,000	96,000
TOTAL ADDITIONAL						512,800	512,800		705,100	747,100	42,000

TRANSFERS TO THE GENERAL FUND**State Fair Board**

State Fair Board Fund	234,000	234,000
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TOTAL	234,000	234,000
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**Fiscal Biennium 2006-2008
Budget Modification Report**

05/31/06 9:35 AM

Kentucky State Fair Board

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the State Fair Board, Restricted Funds of \$234,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Debt Service: Included in the above Restricted Funds appropriation is \$4,322,100 in fiscal year 2006-2007 and \$4,424,400 in fiscal year 2007-2008 for previously issued bonds."

"Debt Service: Included in the above General Fund appropriation is \$115,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends a Part I, Operating Budget, language provision as follows:

"Debt Service: Included in the above General Fund appropriation is \$157,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

**Fiscal Biennium 2006-2008
Budget Modification Report**

05/31/06 9:35 AM

Kentucky State Fair Board

The Governor of the Commonwealth vetoes, in part, the following:

Partial Veto #4 of HB 380 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:*

...Page 44, lines 9 through 11, in their entirety....

...Page 161, lines 23 through 24, in their entirety....

These parts represent capital projects authorized for bond financing. I am vetoing these projects because it is my belief that the Commonwealth cannot afford to sustain the debt that would have to be incurred to fund them without jeopardizing its credit rating and financial future. To fund these projects would limit the Commonwealth's ability to adequately fund its operating expenses in the short and long term. The overall level of debt of the Commonwealth has ballooned in recent years. Record levels of debt were approved in both the 2005 General Assembly and the 2006 General Assembly. In comparison to other states, the debt per capita for Kentucky has increased substantially while most states have held constant or reduced their relative debt levels. I do not take issue with the merit of any one of these projects, or their ability to have a positive impact on our Commonwealth. My concern is the overall level of debt that we will rely on our children and grandchildren to honor.

The credit rating services closely review the degree to which the Commonwealth can meet recurring expenditures with recurring revenues. I am concerned about the structural imbalance in the operating budget. However, due to the structure of the appropriations Act, there is limited ability to impact the appropriation levels in the budget without jeopardizing entire programs. Many of the projects vetoed herein were only provided with a half year of debt service in the biennium, adding to the structural imbalance that will have to be addressed in the succeeding biennial budget. The debt service for these capital projects represents \$11,076,000 in General Fund appropriations in fiscal year 2007-2008. These appropriations will lapse to the General Fund Surplus account."

B - Commerce Cabinet

Capital Budget

State Fair Board

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE								
Restricted Funds			1,500,000	1,500,000		4,400,000	1,500,000	(2,900,000)
Bond Funds			1,188,000	1,250,000	62,000			
TOTAL CAPITAL			2,688,000	2,750,000	62,000	4,400,000	1,500,000	(2,900,000)
II. CAPITAL PROJECTS								
1 Maintenance Pool								
PRJ2351293								
Restricted Funds			1,500,000	1,500,000		1,500,000	1,500,000	
Project Total			1,500,000	1,500,000		1,500,000	1,500,000	
2 Replace Roof for the Pavilion								
PRJ2351294								
Bond Funds			1,188,000	1,250,000	62,000			
Project Total			1,188,000	1,250,000	62,000			
3 Upgrade HVAC Systems (VETOED BY GOVERNOR)								
PRJ2351524								
Restricted Funds						2,900,000		(2,900,000)
Bond Funds				2,000,000				
Project Total						2,900,000		(2,900,000)
4 Repave Parking Lots E, J, and Ashton-Adair Reauthorization (\$1,330,000 Restricted Funds)								
PRJ2351528								
Restricted Funds								
Project Total								
5 Replace Paving from Gate 1 to Gate 2 Reauthorization (\$900,000 Restricted Funds)								
PRJ2351530								
Restricted Funds								
Project Total								
6 Renovate KICC Pedway System Reauthorization (\$1,000,000 Restricted Funds)								
PRJ2351529								
Restricted Funds								
Project Total								

B - Commerce Cabinet**Capital Budget****State Fair Board**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL CAPITAL				2,688,000	2,750,000	62,000	4,400,000	1,500,000	(2,900,000)

Note: Boxed figure denotes enacted amount that was vetoed by the Governor and is not included in the totals.

B - Commerce Cabinet

Operating Budget

Fish and Wildlife Resources

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	28,441,700	28,441,700		28,778,500	28,778,500		29,810,000	29,810,000	
Federal Funds	10,864,000	10,864,000		10,063,900	10,063,900		10,098,100	10,098,100	
Regular Total Funds	39,305,700	39,305,700		38,842,400	38,842,400		39,908,100	39,908,100	
Use of Continuing									
TOTAL FUNDS	39,305,700	39,305,700		38,842,400	38,842,400		39,908,100	39,908,100	
II. EXPENDITURE CATEGORY									
Personnel Costs	29,982,600	29,982,600		29,124,800	29,124,800		30,179,400	30,179,400	
Operating Expenses	7,191,700	7,191,700		7,606,200	7,606,200		7,617,300	7,617,300	
Grants, Loans, Benefits	407,500	407,500		407,500	407,500		407,500	407,500	
Capital Outlay	1,723,900	1,723,900		1,703,900	1,703,900		1,703,900	1,703,900	
TOTAL EXPENDITURES	39,305,700	39,305,700		38,842,400	38,842,400		39,908,100	39,908,100	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	28,441,700	28,441,700		28,075,400	28,075,400		29,062,200	29,062,200	
Federal Funds	10,864,000	10,864,000		9,519,900	9,519,900		9,519,900	9,519,900	
Regular Total Funds	39,305,700	39,305,700		37,595,300	37,595,300		38,582,100	38,582,100	
Use of Continuing									
TOTAL BASE LEVEL	39,305,700	39,305,700		37,595,300	37,595,300		38,582,100	38,582,100	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				703,100	703,100		747,800	747,800	
Federal Funds				544,000	544,000		578,200	578,200	
TOTAL ADDITIONAL				1,247,100	1,247,100		1,326,000	1,326,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB Fish and Wildlife Resources - Law Enforcement									
ABR6600002 Provide support for eight (8) positions.									
Restricted Funds				313,500	313,500		333,500	333,500	
Federal Funds				48,800	48,800		52,000	52,000	
Project Total				362,300	362,300		385,500	385,500	
2 GB Fish and Wildlife Resources - Wildlife Management									
ABR6600003 Provide funds to support nine (9) positions.									
Restricted Funds				213,100	213,100		226,700	226,700	
Federal Funds				213,500	213,500		227,000	227,000	
Project Total				426,600	426,600		453,700	453,700	

B - Commerce Cabinet**Operating Budget****Fish and Wildlife Resources**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3 GB	Fish and Wildlife Resources - Fisheries Management							
ABR6600004	Provide funds to support nine (9) full-time vacant positions.							
Restricted Funds			176,500	176,500		187,600	187,600	
Federal Funds			281,700	281,700		299,200	299,200	
Project Total			458,200	458,200		486,800	486,800	
TOTAL ADDITIONAL			1,247,100	1,247,100		1,326,000	1,326,000	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Fish and Wildlife Resources

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends Part II, Capital Projects Budget, to authorize \$7.7 million in Restrictive Funds in fiscal year 2006-2007 for the Land Acquisition Pool.

The General Assembly amends Part II, Capital Projects Budget, to delete \$3 million in Restrictive Funds in fiscal year 2007-2008 for the Wildlife/Elk Interpretive Center.

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B - Commerce Cabinet**Capital Budget****Fish and Wildlife Resources**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				8,370,000	15,070,000	6,700,000	12,700,000	9,700,000	(3,000,000)
Federal Funds				750,000	750,000				
TOTAL CAPITAL				9,120,000	15,820,000	6,700,000	12,700,000	9,700,000	(3,000,000)
II. CAPITAL PROJECTS									
1	Land Acquisition Pool								
PRJ6601295									
Restricted Funds				1,000,000	7,700,000	6,700,000	1,000,000	1,000,000	
Project Total				1,000,000	7,700,000	6,700,000	1,000,000	1,000,000	
2	Boating/Fishing Access Pool								
PRJ6601529									
Restricted Funds				300,000	300,000		300,000	300,000	
Project Total				300,000	300,000		300,000	300,000	
3	Water & Drain Line Replacement								
PRJ6601531									
Restricted Funds				250,000	250,000				
Federal Funds				750,000	750,000				
Project Total				1,000,000	1,000,000				
4	Maintenance Pool								
PRJ6601296									
Restricted Funds				400,000	400,000		400,000	400,000	
Project Total				400,000	400,000		400,000	400,000	
5	Fees-in-Lieu-of Stream Mitigation Projects Pool								
PRJ6601528									
Restricted Funds				5,000,000	5,000,000		5,000,000	5,000,000	
Project Total				5,000,000	5,000,000		5,000,000	5,000,000	
6	Camp Webb Swimming Pool								
PRJ6601532									
Restricted Funds				700,000	700,000				
Project Total				700,000	700,000				

B - Commerce Cabinet**Capital Budget****Fish and Wildlife Resources**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
7 Camp Currie Dining Hall Replacement								
PRJ6601533								
Restricted Funds			720,000	720,000				
Project Total			720,000	720,000				
8 Bullock Pen Lake Dam /Spillway Upgrade								
PRJ6602570								
Restricted Funds						3,000,000	3,000,000	
Project Total						3,000,000	3,000,000	
9 Wildlife/Elk Interpretive Center								
PRJ6602571								
Restricted Funds						3,000,000		(3,000,000)
Project Total						3,000,000		(3,000,000)
TOTAL CAPITAL			9,120,000	15,820,000	6,700,000	12,700,000	9,700,000	(3,000,000)

B - Commerce Cabinet

Operating Budget

Historical Society

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	6,001,100	6,126,100	125,000	6,762,800	8,762,800	2,000,000	6,013,500	8,045,500	2,032,000
Restricted Funds	664,500	664,500		760,900	760,900		819,600	819,600	
Federal Funds	1,225,000	1,225,000		893,600	1,004,200	110,600	390,000	516,800	126,800
Regular Total Funds	7,890,600	8,015,600	125,000	8,417,300	10,527,900	2,110,600	7,223,100	9,381,900	2,158,800
Use of Continuing									
TOTAL FUNDS	7,890,600	8,015,600	125,000	8,417,300	10,527,900	2,110,600	7,223,100	9,381,900	2,158,800
II. EXPENDITURE CATEGORY									
Personnel Costs	3,754,300	3,754,300		3,780,900	3,780,900		3,825,800	3,825,800	
Operating Expenses	3,190,900	3,190,900		3,026,400	3,026,400		2,997,300	2,997,300	
Grants, Loans, Benefits	945,400	1,070,400	125,000	1,610,000	3,720,600	2,110,600	400,000	2,526,800	2,126,800
Debt Service								32,000	32,000
TOTAL EXPENDITURES	7,890,600	8,015,600	125,000	8,417,300	10,527,900	2,110,600	7,223,100	9,381,900	2,158,800
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	6,001,100	6,001,100		6,012,800	6,012,800		6,013,500	6,013,500	
Restricted Funds	664,500	664,500		760,900	760,900		819,600	819,600	
Federal Funds	1,225,000	1,225,000		893,600	1,004,200	110,600	390,000	516,800	126,800
Regular Total Funds	7,890,600	7,890,600		7,667,300	7,777,900	110,600	7,223,100	7,349,900	126,800
Use of Continuing									
TOTAL BASE LEVEL	7,890,600	7,890,600		7,667,300	7,777,900	110,600	7,223,100	7,349,900	126,800
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund		125,000	125,000	750,000	2,750,000	2,000,000		2,032,000	2,032,000
TOTAL ADDITIONAL		125,000	125,000	750,000	2,750,000	2,000,000		2,032,000	2,032,000
V. ADDITIONAL BUDGET ITEMS									
1 GB City of Hodgenville									
ABR5500002	Provide funds to match a \$3.5 million federal grant to the City of Hodgenville for infrastructure.								
General Fund				750,000	750,000				
Project Total				750,000	750,000				
2 NEW Perryville Battlefield									
ABR5500008	Provide support for the 2006 reenactment and debt service for \$617,000 in Bond Funds for acquisition and renovation of the property at Perryville Battlefield.								
General Fund		75,000	75,000					32,000	32,000
Project Total		75,000	75,000					32,000	32,000

B - Commerce Cabinet**Operating Budget****Historical Society**

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3	GB	Historical Society - Abraham Lincoln Bicentennial Commission								
ABR5500011		Provide support for the KY Abraham Lincoln Bicentennial Commission.								
General Fund						2,000,000	2,000,000		2,000,000	2,000,000
Project Total						2,000,000	2,000,000		2,000,000	2,000,000
4	CONT	Lincoln Wedding Reenactment								
ABR5500012		Provide current year General Fund support to the Abraham Lincoln Bicentennial Commission for the Lincoln wedding reenactment.								
General Fund			50,000	50,000						
Project Total			50,000	50,000						
TOTAL ADDITIONAL			125,000	125,000	750,000	2,750,000	2,000,000		2,032,000	2,032,000

TRANSFERS TO THE GENERAL FUND**Historical Society**

Agency Revenue Fund	120,000	120,000
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TOTAL	120,000	120,000
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**Fiscal Biennium 2006-2008
Budget Modification Report**

05/31/06 9:35 AM

Kentucky Historical Society

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Historical Society, Restricted Funds of \$120,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Abraham Lincoln Bicentennial Commission: Included in the above General Fund appropriation is \$750,000 in fiscal year 2006-2007 to provide a grant for the Abraham Lincoln Bicentennial Commission."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly adds/amends Part I, Operating Budget, language provisions as follows:

"City of Hodgenville: Included in the above General Fund appropriation is \$750,000 in fiscal year 2006-2007 to provide a grant for the City of Hodgenville to match Federal Funds."

"Abraham Lincoln Bicentennial Commission: Included in the above General Fund appropriation is \$2,000,000 in each year of the biennium for the Abraham Lincoln Bicentennial Commission."

"Lincoln Wedding Reenactment: Included in the above General Fund appropriation is \$50,000 in fiscal year 2005-2006 for the Abraham Lincoln Bicentennial Commission to support the Lincoln Wedding Reenactment."

**Fiscal Biennium 2006-2008
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Kentucky Historical Society

"Perryville Battlefield: Included in the above General Fund appropriation is \$75,000 in fiscal year 2005-2006 for the 2006 reenactment of the Battle at Perryville."

"Debt Service: Included in the above General Fund appropriation is \$32,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 557, Section 53, provides the following:

"(6) Madison County Battlefield Park and Museum: Included in the above General Fund appropriation is \$40,000 in fiscal year 2006-2007 and \$40,000 in fiscal year 2007-2008 to support the operations of the Madison County Battlefield Park and Museum."

B - Commerce Cabinet**Capital Budget****Historical Society**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds					617,000	617,000			
Capital Construction Surplus				238,000	238,000				
TOTAL CAPITAL				238,000	855,000	617,000			
II. CAPITAL PROJECTS									
1	Kentucky History Center Security Upgrades								
PRJ5501455									
Capital Construction Surplus				238,000	238,000				
Project Total				238,000	238,000				
2	Perryville Battlefield								
PRJ5501462									
Bond Funds					617,000	617,000			
Project Total					617,000	617,000			
TOTAL CAPITAL				238,000	855,000	617,000			

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B - Commerce Cabinet**Operating Budget****Arts Council**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	4,126,700	4,126,700		4,668,400	4,203,200	(465,200)	4,049,500	4,182,500	133,000
Restricted Funds	438,900	438,900		441,900	441,900		452,700	452,700	
Federal Funds	777,800	777,800		744,900	744,900		740,000	740,000	
Regular Total Funds	5,343,400	5,343,400		5,855,200	5,390,000	(465,200)	5,242,200	5,375,200	133,000
Use of Continuing									
TOTAL FUNDS	5,343,400	5,343,400		5,855,200	5,390,000	(465,200)	5,242,200	5,375,200	133,000
II. EXPENDITURE CATEGORY									
Personnel Costs	1,113,500	1,113,500		1,057,500	1,057,500		1,063,800	1,063,800	
Operating Expenses	806,700	806,700		780,300	780,300		779,200	779,200	
Grants, Loans, Benefits	3,423,200	3,423,200		4,017,400	3,552,200	(465,200)	3,399,200	3,532,200	133,000
TOTAL EXPENDITURES	5,343,400	5,343,400		5,855,200	5,390,000	(465,200)	5,242,200	5,375,200	133,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	4,126,700	4,126,700		4,070,200	4,070,200		4,049,500	4,049,500	
Restricted Funds	438,900	438,900		441,900	441,900		452,700	452,700	
Federal Funds	777,800	777,800		744,900	744,900		740,000	740,000	
Regular Total Funds	5,343,400	5,343,400		5,257,000	5,257,000		5,242,200	5,242,200	
Use of Continuing									
TOTAL BASE LEVEL	5,343,400	5,343,400		5,257,000	5,257,000		5,242,200	5,242,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				598,200	133,000	(465,200)		133,000	133,000
TOTAL ADDITIONAL				598,200	133,000	(465,200)		133,000	133,000
V. ADDITIONAL BUDGET ITEMS									
1 CONT	Arts Council - Operating Support								
ABR5290007	Restore funding to the Arts Council.								
General Fund					133,000	133,000		133,000	133,000
Project Total					133,000	133,000		133,000	133,000
2 NEW	Arts Council								
ABR5290006	Provide funds for the Partnership of Creative Economies to be matched by the Louisville Metro Government and private donations.								
General Fund				598,200		(598,200)			
Project Total				598,200		(598,200)			

B - Commerce Cabinet**Operating Budget****Arts Council**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL				598,200	133,000	(465,200)		133,000	133,000

TRANSFERS TO THE GENERAL FUND**Arts Council**

Agency Revenue Fund (KRS 153.220(8))	20,000	20,000
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TOTAL	20,000	20,000
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**Fiscal Biennium 2006-2008
Budget Modification Report**

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Kentucky Arts Council

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Arts Council, Restricted Funds of \$20,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Open Meetings: Any entity involved in producing or financing arts on a local or statewide basis, since the inception of fiscal year 2004-2005, which received a total of \$25,000 or less as a result of appropriations or grants from state or local governmental units, shall be exempt from the requirements of KRS 61.800 to 61.850."

"Open Records: Any entity involved in producing or financing arts on a local or statewide basis, since the inception of fiscal year 2004-2005, which received a total of \$25,000 or less as a result of appropriations or grants from state or local governmental units shall be exempt from the requirements of KRS 61.870 to 61.884."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly provides General Fund support totaling \$133,000 in each fiscal year of the biennium for operating cost.

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B - Commerce Cabinet**Operating Budget****Heritage Council**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	900,000	900,000		900,000	940,000	40,000	900,000	900,000	
Restricted Funds	825,100	825,100		469,300	469,300		487,100	487,100	
Federal Funds	669,000	669,000		669,000	669,000		669,000	669,000	
Regular Total Funds	2,394,100	2,394,100		2,038,300	2,078,300	40,000	2,056,100	2,056,100	
Use of Continuing									
TOTAL FUNDS	2,394,100	2,394,100		2,038,300	2,078,300	40,000	2,056,100	2,056,100	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,314,200	1,314,200		1,364,100	1,364,100		1,383,300	1,383,300	
Operating Expenses	958,900	958,900		608,500	608,500		607,100	607,100	
Grants, Loans, Benefits	121,000	121,000		65,700	105,700	40,000	65,700	65,700	
TOTAL EXPENDITURES	2,394,100	2,394,100		2,038,300	2,078,300	40,000	2,056,100	2,056,100	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	900,000	900,000		900,000	900,000		900,000	900,000	
Restricted Funds	825,100	825,100		469,300	469,300		487,100	487,100	
Federal Funds	669,000	669,000		669,000	669,000		669,000	669,000	
Regular Total Funds	2,394,100	2,394,100		2,038,300	2,038,300		2,056,100	2,056,100	
Use of Continuing									
TOTAL BASE LEVEL	2,394,100	2,394,100		2,038,300	2,038,300		2,056,100	2,056,100	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					40,000	40,000			
TOTAL ADDITIONAL					40,000	40,000			
V. ADDITIONAL BUDGET ITEMS									
1 NEW African-American Heritage Council									
ABR4100004 Provide support for the African-American Heritage Council.									
General Fund					40,000	40,000			
Project Total					40,000	40,000			
TOTAL ADDITIONAL					40,000	40,000			

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Kentucky Heritage Council

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds a Part I, Operating Budget, language provision as follows:

"African-American Heritage Council: Included in the above General Fund appropriation is \$40,000 in fiscal year 2006-2007 for the African-American Heritage Council."

B - Commerce Cabinet**Operating Budget****Kentucky Center for the Arts**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,264,400	150,000
Regular Total Funds	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,264,400	150,000
Use of Continuing									
TOTAL FUNDS	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,264,400	150,000
II. EXPENDITURE CATEGORY									
Personnel Costs	53,700	53,700		131,700	131,700		131,700	131,700	
Operating Expenses	496,300	496,300		496,300	496,300		496,300	496,300	
Grants, Loans, Benefits	414,000	414,000		486,400	486,400		486,400	636,400	150,000
Construction	760,000	760,000							
TOTAL EXPENDITURES	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,264,400	150,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,114,400	
Regular Total Funds	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,114,400	
Use of Continuing									
TOTAL BASE LEVEL	1,724,000	1,724,000		1,114,400	1,114,400		1,114,400	1,114,400	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund								150,000	150,000
TOTAL ADDITIONAL								150,000	150,000
V. ADDITIONAL BUDGET ITEMS									
1 GB KY Center for the Arts									
ABR5520005 Provide funds to support the stabilization of the Governor's School for the Arts.									
General Fund								150,000	150,000
Project Total								150,000	150,000
TOTAL ADDITIONAL								150,000	150,000

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Kentucky Center for the Arts

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds a Part I, Operating Budget, language provision as follows:

"Governor's School for the Arts: Included in the above General Fund appropriation is \$150,000 in fiscal year 2007-2008 for stabilization of the Governor's School for the Arts."

B - Commerce Cabinet**Capital Budget****Kentucky Center for the Arts**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Investment Income				160,000	160,000		160,000	160,000	
TOTAL CAPITAL				160,000	160,000		160,000	160,000	
II. CAPITAL PROJECTS									
1	Maintenance Pool								
PRJ5521458									
Investment Income				160,000	160,000		160,000	160,000	
Project Total				160,000	160,000		160,000	160,000	
TOTAL CAPITAL				160,000	160,000		160,000	160,000	

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Economic Development Cabinet

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Economic Development Cabinet

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FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

ECONOMIC DEVELOPMENT CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Secretary	13,112,400	13,112,400		17,959,000	17,959,000		24,065,200	22,890,200	(1,175,000)
New Business Development	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
Financial Incentives	5,047,000	5,047,000		4,989,600	4,989,600		5,941,600	5,825,600	(116,000)
Existing Business Development	3,556,100	3,556,100		3,822,900	3,822,900		3,868,800	3,868,800	
Regular Appropriation	23,977,100	23,977,100		28,883,700	28,883,700		36,000,100	34,709,100	(1,291,000)

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

ECONOMIC DEVELOPMENT CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Secretary	11,167,600	11,167,600		16,619,000	16,619,000		22,725,200	21,550,200	(1,175,000)
New Business Development	1,681,600	1,681,600		1,365,200	1,365,200		1,377,500	1,377,500	
Financial Incentives	3,318,800	3,318,800		3,200,000	3,200,000		4,131,000	4,015,000	(116,000)
Existing Business Development	3,053,100	3,053,100		3,457,500	3,457,500		3,503,400	3,503,400	
Regular Appropriation	19,221,100	19,221,100		24,641,700	24,641,700		31,737,100	30,446,100	(1,291,000)

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Financial Incentives	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
Reserve Spending	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY
ECONOMIC DEVELOPMENT CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Secretary	1,944,800	1,944,800		1,340,000	1,340,000		1,340,000	1,340,000	
New Business Development	580,000	580,000		747,000	747,000		747,000	747,000	
Financial Incentives	1,728,200	1,728,200		1,789,600	1,789,600		1,810,600	1,810,600	
Existing Business Development	347,600	347,600		210,000	210,000		210,000	210,000	
Regular Appropriation	4,600,600	4,600,600		4,086,600	4,086,600		4,107,600	4,107,600	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

ECONOMIC DEVELOPMENT CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Existing Business	155,400	155,400		155,400	155,400		155,400	155,400	
Development									
Regular Appropriation	155,400	155,400		155,400	155,400		155,400	155,400	

C - Economic Development Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	19,221,100	19,221,100		24,641,700	24,641,700		31,737,100	30,446,100	(1,291,000)
Restricted Funds	4,600,600	4,600,600		4,086,600	4,086,600		4,107,600	4,107,600	
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
Regular Total Funds	23,977,100	23,977,100		28,883,700	28,883,700		36,000,100	34,709,100	(1,291,000)
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL FUNDS	24,478,800	24,478,800		32,960,400	32,960,400		39,123,700	37,832,700	(1,291,000)

II. EXPENDITURE CATEGORY

Personnel Costs	10,501,300	10,501,300		10,880,000	10,880,000		11,020,800	11,020,800	
Operating Expenses	2,017,700	2,017,700		1,854,600	1,854,600		1,854,600	1,854,600	
Grants, Loans, Benefits	11,725,800	11,725,800		20,225,800	20,225,800		23,266,300	23,116,300	(150,000)
Debt Service	234,000	234,000					2,982,000	1,841,000	(1,141,000)
TOTAL EXPENDITURES	24,478,800	24,478,800		32,960,400	32,960,400		39,123,700	37,832,700	(1,291,000)

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	19,221,100	19,221,100		16,341,700	16,341,700		16,455,100	16,305,100	(150,000)
Restricted Funds	4,600,600	4,600,600		4,086,600	4,086,600		4,107,600	4,107,600	
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
Regular Total Funds	23,977,100	23,977,100		20,583,700	20,583,700		20,718,100	20,568,100	(150,000)
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL BASE LEVEL	24,478,800	24,478,800		24,660,400	24,660,400		23,841,700	23,691,700	(150,000)

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				8,300,000	8,300,000		15,282,000	14,141,000	(1,141,000)
TOTAL ADDITIONAL				8,300,000	8,300,000		15,282,000	14,141,000	(1,141,000)

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C - Economic Development Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				30,000,000	37,500,000	7,500,000			
TOTAL CAPITAL				30,000,000	37,500,000	7,500,000			

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C - Economic Development Cabinet

Operating Budget

Secretary

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	11,167,600	11,167,600		16,619,000	16,619,000		22,725,200	21,550,200	(1,175,000)
Restricted Funds	1,944,800	1,944,800		1,340,000	1,340,000		1,340,000	1,340,000	
Regular Total Funds	13,112,400	13,112,400		17,959,000	17,959,000		24,065,200	22,890,200	(1,175,000)
Use of Continuing									
TOTAL FUNDS	13,112,400	13,112,400		17,959,000	17,959,000		24,065,200	22,890,200	(1,175,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	3,820,600	3,820,600		4,001,200	4,001,200		4,056,400	4,056,400	
Operating Expenses	882,000	882,000		782,000	782,000		782,000	782,000	
Grants, Loans, Benefits	8,175,800	8,175,800		13,175,800	13,175,800		17,175,800	17,025,800	(150,000)
Debt Service	234,000	234,000					2,051,000	1,026,000	(1,025,000)
TOTAL EXPENDITURES	13,112,400	13,112,400		17,959,000	17,959,000		24,065,200	22,890,200	(1,175,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	11,167,600	11,167,600		8,619,000	8,619,000		8,674,200	8,524,200	(150,000)
Restricted Funds	1,944,800	1,944,800		1,340,000	1,340,000		1,340,000	1,340,000	
Regular Total Funds	13,112,400	13,112,400		9,959,000	9,959,000		10,014,200	9,864,200	(150,000)
Use of Continuing									
TOTAL BASE LEVEL	13,112,400	13,112,400		9,959,000	9,959,000		10,014,200	9,864,200	(150,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				8,000,000	8,000,000		14,051,000	13,026,000	(1,025,000)
TOTAL ADDITIONAL				8,000,000	8,000,000		14,051,000	13,026,000	(1,025,000)
V. ADDITIONAL BUDGET ITEMS									
1 GB	Secretary - Commercialization and Innovation								
ABRC36A0002	Provide funds to support contract and grant expenses for the Commercialization and Innovation program.								
General Fund				8,000,000	8,000,000		12,000,000	12,000,000	
Project Total				8,000,000	8,000,000		12,000,000	12,000,000	
2 CONT	Debt Service								
ABRC36A0006	Provide debt service to support Bond Funds totaling \$20 million to fund the High-Tech Construction/High-Tech Investment Pools.								
General Fund							2,051,000	1,026,000	(1,025,000)
Project Total							2,051,000	1,026,000	(1,025,000)

C - Economic Development Cabinet

Operating Budget

Secretary

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL				8,000,000	8,000,000		14,051,000	13,026,000	(1,025,000)

TRANSFERS TO THE GENERAL FUND

Secretary

Agency Revenue Fund	200,000	200,000
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TOTAL	200,000	200,000
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**Fiscal Biennium 2006-2008
Budget Modification Report**

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Office of the Secretary

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of the Secretary, Restricted Funds of \$200,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Louisville Waterfront Development Corporation: Included in the above General Fund appropriation is \$420,800 in fiscal year 2006-2007 and \$420,800 in fiscal year 2007-2008 for the Louisville Waterfront Development Corporation."

"New Economy High-Tech Construction and High-Tech Investment Pools: Included in the above General Fund appropriation is \$2,051,000 in fiscal year 2007-2008 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The Commissioner of the Department for Commercialization and Innovation shall determine the amounts to be apportioned between the High-Tech Investment and High-Tech Construction Pools."

"Funding for Commercialization and Innovation: Notwithstanding Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech Construction Pool and the High-Tech Investment Pool shall be used to support the Department for Commercialization and Innovation within the Cabinet for Economic Development. Upon the recommendation of the Commissioner, these funds are authorized and appropriated to fund High-Tech Construction Pool and High-Tech Investment Pool projects. Loan repayments received by the High-Tech Construction and High-Tech Investment Pools are appropriated in addition to amounts specified in Part II, Capital Projects Budget, of this Act."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

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Office of the Secretary

"Economic Development Bond Issues: Before any economic development bonds are issued, the proposed bond issue shall be approved by the Secretary of the Finance and Administration Cabinet and the State Property and Buildings Commission under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100, administration of the Economic Development Bond Program by the Secretary of the Cabinet for Economic Development is subject to the following guideline: project selection shall be documented when presented to the Secretary of the Finance and Administration Cabinet. Included in the documentation shall be the rationale for selection and expected economic development impact."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends a Part I, Operating Budget, language provision as follows:

"New Economy High-Tech Construction and High-Tech Investment Pools: Included in the above General Fund appropriation is \$1,026,000 in fiscal year 2007-2008 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The Commissioner of the Department for Commercialization and Innovation shall determine the amounts to be apportioned between the High-Tech Investment and High-Tech Construction Pools."

C - Economic Development Cabinet

Capital Budget

Secretary

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				20,000,000	20,000,000				
TOTAL CAPITAL				20,000,000	20,000,000				
II. CAPITAL PROJECTS									
1	New Economy High-Tech Construction/Investment Pools								
PRJC361490									
Bond Funds				20,000,000	20,000,000				
Project Total				20,000,000	20,000,000				
TOTAL CAPITAL				20,000,000	20,000,000				

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C - Economic Development Cabinet

Operating Budget

New Business Development

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,681,600	1,681,600		1,365,200	1,365,200		1,377,500	1,377,500	
Restricted Funds	580,000	580,000		747,000	747,000		747,000	747,000	
Regular Total Funds	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
Use of Continuing									
TOTAL FUNDS	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,795,000	1,795,000		1,645,600	1,645,600		1,657,900	1,657,900	
Operating Expenses	466,600	466,600		466,600	466,600		466,600	466,600	
TOTAL EXPENDITURES	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	1,681,600	1,681,600		1,365,200	1,365,200		1,377,500	1,377,500	
Restricted Funds	580,000	580,000		747,000	747,000		747,000	747,000	
Regular Total Funds	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	
Use of Continuing									
TOTAL BASE LEVEL	2,261,600	2,261,600		2,112,200	2,112,200		2,124,500	2,124,500	

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New Business Development

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

C - Economic Development Cabinet

Operating Budget

Financial Incentives

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,318,800	3,318,800		3,200,000	3,200,000		4,131,000	4,015,000	(116,000)
Restricted Funds	1,728,200	1,728,200		1,789,600	1,789,600		1,810,600	1,810,600	
Regular Total Funds	5,047,000	5,047,000		4,989,600	4,989,600		5,941,600	5,825,600	(116,000)
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL FUNDS	5,548,700	5,548,700		9,066,300	9,066,300		9,065,200	8,949,200	(116,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	1,923,800	1,923,800		1,941,400	1,941,400		1,968,800	1,968,800	
Operating Expenses	124,900	124,900		124,900	124,900		124,900	124,900	
Grants, Loans, Benefits	3,500,000	3,500,000		7,000,000	7,000,000		6,040,500	6,040,500	
Debt Service							931,000	815,000	(116,000)
TOTAL EXPENDITURES	5,548,700	5,548,700		9,066,300	9,066,300		9,065,200	8,949,200	(116,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,318,800	3,318,800		3,200,000	3,200,000		3,200,000	3,200,000	
Restricted Funds	1,728,200	1,728,200		1,789,600	1,789,600		1,810,600	1,810,600	
Regular Total Funds	5,047,000	5,047,000		4,989,600	4,989,600		5,010,600	5,010,600	
Use of Continuing	501,700	501,700		4,076,700	4,076,700		3,123,600	3,123,600	
TOTAL BASE LEVEL	5,548,700	5,548,700		9,066,300	9,066,300		8,134,200	8,134,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund							931,000	815,000	(116,000)
TOTAL ADDITIONAL							931,000	815,000	(116,000)
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Debt Service									
ABRC36D0003 Provide debt service to support \$17.5 million in Bond Funds to fund the Economic Development Bond Pool.									
General Fund							931,000	815,000	(116,000)
Project Total							931,000	815,000	(116,000)
TOTAL ADDITIONAL							931,000	815,000	(116,000)

TRANSFERS TO THE GENERAL FUND

Financial Incentives

C - Economic Development Cabinet

Operating Budget

Financial Incentives

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND								
Kentucky Economic Development Finance Authority (KRS 154.20-010 to 154.20-150)							700,000	700,000
TOTAL							700,000	700,000

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Financial Incentives

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Debt Service: Included in the above General Fund appropriation is \$931,000 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation: Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward."

"ConnectKentucky and Community Broadband Development Grants: Notwithstanding KRS 154.12-278, \$1,000,000 in each year of the biennium of Kentucky High-Tech Investment Pool funds may be used for a grant to administer the ConnectKentucky program. Local governments may apply for grants from the Kentucky High-Tech Investment Pool to fund community-based projects designed to bring broadband technology to underserved Kentucky communities."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Purchase Regional Industrial Park: Included in the above appropriation is \$2,500,000 for the Purchase Regional Industrial Park Authority to support land use and development at the Purchase Regional Industrial Park as approved by the Kentucky Economic Development Finance Authority."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

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Financial Incentives

The General Assembly amends Part I, Operating Budget, language provisions as follows:

"Debt Service: Included in the above General Fund appropriation is \$815,000 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation: Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward. The Corporation is authorized to extend an additional \$1,500,000 in training grant offers during the 2006-2008 biennium. If such offers are made and disbursements are required to support those offers, funds shall be appropriated from the General Fund Surplus Account (KRS 48.700) in an amount not to exceed \$1,500,000."

The General Assembly deletes a Part I, Operating Budget, language provision as follows:

"ConnectKentucky and Community Broadband Development Grants: Notwithstanding KRS 154.12-278, \$1,000,000 in each year of the biennium of Kentucky High-Tech Investment Pool funds may be used for a grant to administer the ConnectKentucky program. Local governments may apply for grants from the Kentucky High-Tech Investment Pool to fund community-based projects designed to bring broadband technology to underserved Kentucky communities."

The General Assembly amends Part V, Funds Transfer, to include the Kentucky Economic Development Finance Authority, Restricted Funds transfer of \$700,000 in fiscal year 2007-2008.

C - Economic Development Cabinet

Capital Budget

Financial Incentives

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				10,000,000	17,500,000	7,500,000			
TOTAL CAPITAL				10,000,000	17,500,000	7,500,000			
II. CAPITAL PROJECTS									
1	Economic Development Bond Pool								
PRJC361489									
Bond Funds				10,000,000	17,500,000	7,500,000			
Project Total				10,000,000	17,500,000	7,500,000			
TOTAL CAPITAL				10,000,000	17,500,000	7,500,000			

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C - Economic Development Cabinet

Operating Budget

Existing Business Development

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,053,100	3,053,100		3,457,500	3,457,500		3,503,400	3,503,400	
Restricted Funds	347,600	347,600		210,000	210,000		210,000	210,000	
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
Regular Total Funds	3,556,100	3,556,100		3,822,900	3,822,900		3,868,800	3,868,800	
Use of Continuing									
TOTAL FUNDS	3,556,100	3,556,100		3,822,900	3,822,900		3,868,800	3,868,800	
II. EXPENDITURE CATEGORY									
Personnel Costs	2,961,900	2,961,900		3,291,800	3,291,800		3,337,700	3,337,700	
Operating Expenses	544,200	544,200		481,100	481,100		481,100	481,100	
Grants, Loans, Benefits	50,000	50,000		50,000	50,000		50,000	50,000	
TOTAL EXPENDITURES	3,556,100	3,556,100		3,822,900	3,822,900		3,868,800	3,868,800	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,053,100	3,053,100		3,157,500	3,157,500		3,203,400	3,203,400	
Restricted Funds	347,600	347,600		210,000	210,000		210,000	210,000	
Federal Funds	155,400	155,400		155,400	155,400		155,400	155,400	
Regular Total Funds	3,556,100	3,556,100		3,522,900	3,522,900		3,568,800	3,568,800	
Use of Continuing									
TOTAL BASE LEVEL	3,556,100	3,556,100		3,522,900	3,522,900		3,568,800	3,568,800	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				300,000	300,000		300,000	300,000	
TOTAL ADDITIONAL				300,000	300,000		300,000	300,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB Existing Business Development - International Trade									
ABRC36F0002	Provide funds to support increased operating cost in the South American Trade Office due to a decline in the value of the U.S. dollar.								
General Fund				50,000	50,000		50,000	50,000	
Project Total				50,000	50,000		50,000	50,000	
2 GB Existing Business Development - International Trade									
ABRC36F0003	Provide funds to support increased operating cost due to the anticipated increase in the cost of doing business in China.								
General Fund				100,000	100,000		100,000	100,000	
Project Total				100,000	100,000		100,000	100,000	

C - Economic Development Cabinet

Operating Budget

Existing Business Development

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3	NEW	Existing Business Development - Small and Minority Business									
ABRC36F0009	Provide funds to support a business development professional in Louisville to work with aspiring minority entrepreneurs.										
General Fund						150,000	150,000		150,000	150,000	
Project Total						150,000	150,000		150,000	150,000	
TOTAL ADDITIONAL						300,000	300,000		300,000	300,000	

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Existing Business Development

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Small and Minority Business Entrepreneurship: The Kentucky Economic Development Finance Authority shall make available \$300,000 in fiscal year 2007-2008 for micro-business loans in the Small and Minority Business entrepreneurship program in the Department of Existing Business Development."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

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Department of Education

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FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

DEPARTMENT OF EDUCATION OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Executive Policy and Management	662,900	662,900		672,000	672,000		679,800	679,800	
Operations and Support Services	42,241,500	42,241,500		52,863,400	52,663,400	(200,000)	68,315,300	71,812,300	3,497,000
Learning and Results Services	1,441,875,900	1,441,875,900		1,519,903,400	1,475,069,600	(44,833,800)	1,566,059,500	1,522,912,500	(43,147,000)
Support Education Excellence in Kentucky (SEEK)	2,594,892,700	2,594,892,700		2,680,435,400	2,681,182,900	747,500	2,815,817,700	2,930,595,600	114,777,900
Regular Appropriation	4,079,673,000	4,079,673,000		4,253,874,200	4,209,587,900	(44,286,300)	4,450,872,300	4,526,000,200	75,127,900

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

DEPARTMENT OF EDUCATION OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Learning and Results Services	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
Regular Appropriation	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	

GENERAL FUND (TOBACCO)

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Learning and Results Services	248,900	248,900							
Reserve Spending	248,900	248,900							

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

DEPARTMENT OF EDUCATION OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Executive Policy and Management	662,900	662,900		672,000	672,000		679,800	679,800	
Operations and Support Services	31,391,500	31,391,500		37,125,500	36,925,500	(200,000)	52,577,400	56,074,400	3,497,000
Learning and Results Services	758,643,600	758,643,600		836,774,700	791,940,900	(44,833,800)	883,086,300	839,939,300	(43,147,000)
Support Education Excellence in Kentucky (SEEK)	2,594,892,700	2,594,892,700		2,680,435,400	2,681,182,900	747,500	2,815,817,700	2,930,595,600	114,777,900
Regular Appropriation	3,385,590,700	3,385,590,700		3,555,007,600	3,510,721,300	(44,286,300)	3,752,161,200	3,827,289,100	75,127,900

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Learning and Results Services	7,051,700	7,051,700	
Reserve Spending	7,051,700	7,051,700	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**DEPARTMENT OF EDUCATION OPERATING BUDGET**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Operations and Support Services	2,322,200	2,322,200		7,210,100	7,210,100		7,210,100	7,210,100	
Learning and Results Services	2,621,200	2,621,200		2,621,200	2,621,200		2,621,200	2,621,200	
Regular Appropriation	4,943,400	4,943,400		9,831,300	9,831,300		9,831,300	9,831,300	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**DEPARTMENT OF EDUCATION OPERATING BUDGET**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Operations and Support Services	8,527,800	8,527,800		8,527,800	8,527,800		8,527,800	8,527,800	
Learning and Results Services	678,722,700	678,722,700		679,119,100	679,119,100		678,843,600	678,843,600	
Regular Appropriation	687,250,500	687,250,500		687,646,900	687,646,900		687,371,400	687,371,400	

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D - Department of Education

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
General Fund	3,385,590,700	3,385,590,700		3,555,007,600	3,510,721,300	(44,286,300)	3,752,161,200	3,827,289,100	75,127,900
Restricted Funds	4,943,400	4,943,400		9,831,300	9,831,300		9,831,300	9,831,300	
Federal Funds	687,250,500	687,250,500		687,646,900	687,646,900		687,371,400	687,371,400	
Regular Total Funds	4,079,673,000	4,079,673,000		4,253,874,200	4,209,587,900	(44,286,300)	4,450,872,300	4,526,000,200	75,127,900
Use of Continuing	7,300,600	7,300,600							
TOTAL FUNDS	4,086,973,600	4,086,973,600		4,253,874,200	4,209,587,900	(44,286,300)	4,450,872,300	4,526,000,200	75,127,900
II. EXPENDITURE CATEGORY									
Personnel Costs	61,918,700	61,918,700		62,609,900	62,609,900		63,411,700	63,411,700	
Operating Expenses	18,671,200	18,671,200		24,646,600	24,646,600		34,589,300	34,589,300	
Grants, Loans, Benefits	4,006,383,700	4,006,383,700		4,166,617,700	4,122,331,400	(44,286,300)	4,347,670,300	4,419,101,200	71,430,900
Debt Service							5,201,000	8,898,000	3,697,000
TOTAL EXPENDITURES	4,086,973,600	4,086,973,600		4,253,874,200	4,209,587,900	(44,286,300)	4,450,872,300	4,526,000,200	75,127,900
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
General Fund	3,385,590,700	3,385,590,700		3,389,445,400	3,382,610,700	(6,834,700)	3,390,468,700	3,390,293,600	(175,100)
Restricted Funds	4,943,400	4,943,400		4,787,900	4,787,900		4,785,000	4,785,000	
Federal Funds	687,250,500	687,250,500		687,646,900	687,646,900		687,371,400	687,371,400	
Regular Total Funds	4,079,673,000	4,079,673,000		4,083,268,600	4,076,433,900	(6,834,700)	4,084,133,500	4,083,958,400	(175,100)
Use of Continuing	7,300,600	7,300,600							
TOTAL BASE LEVEL	4,086,973,600	4,086,973,600		4,083,268,600	4,076,433,900	(6,834,700)	4,084,133,500	4,083,958,400	(175,100)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				165,562,200	128,110,600	(37,451,600)	361,692,500	436,995,500	75,303,000
Restricted Funds				5,043,400	5,043,400		5,046,300	5,046,300	
TOTAL ADDITIONAL				170,605,600	133,154,000	(37,451,600)	366,738,800	442,041,800	75,303,000

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D - Department of Education

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				37,350,000	72,400,000	35,050,000			
Investment Income				675,000	675,000		675,000	675,000	
TOTAL CAPITAL				38,025,000	73,075,000	35,050,000	675,000	675,000	

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D - Department of Education

Operating Budget

Executive Policy and Management

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	662,900	662,900		672,000	672,000		679,800	679,800	
Regular Total Funds	662,900	662,900		672,000	672,000		679,800	679,800	
Use of Continuing									
TOTAL FUNDS	662,900	662,900		672,000	672,000		679,800	679,800	
II. EXPENDITURE CATEGORY									
Personnel Costs	536,400	536,400		536,900	536,900		544,700	544,700	
Operating Expenses	126,500	126,500		135,100	135,100		135,100	135,100	
TOTAL EXPENDITURES	662,900	662,900		672,000	672,000		679,800	679,800	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	662,900	662,900		672,000	672,000		679,800	679,800	
Regular Total Funds	662,900	662,900		672,000	672,000		679,800	679,800	
Use of Continuing									
TOTAL BASE LEVEL	662,900	662,900		672,000	672,000		679,800	679,800	

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Executive Policy and Management

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Employment of Personnel: Notwithstanding KRS 18A.115, the Department of Education may fill, through memoranda of agreement, not more than 50 percent of its existing authorized positions below the division director level with individuals employed as school administrators and educators in Kentucky."

"Employment of Leadership Personnel: Notwithstanding KRS 18A.005 to 18A.200, the Kentucky Board of Education shall continue to have sole authority to determine the employees of the Department of Education who are exempt from the classified service and to set their compensation comparable to the competitive market."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

D - Department of Education**Operating Budget****Operations and Support Services**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	31,391,500	31,391,500		37,125,500	36,925,500	(200,000)	52,577,400	56,074,400	3,497,000
Restricted Funds	2,322,200	2,322,200		7,210,100	7,210,100		7,210,100	7,210,100	
Federal Funds	8,527,800	8,527,800		8,527,800	8,527,800		8,527,800	8,527,800	
Regular Total Funds	42,241,500	42,241,500		52,863,400	52,663,400	(200,000)	68,315,300	71,812,300	3,497,000
Use of Continuing									
TOTAL FUNDS	42,241,500	42,241,500		52,863,400	52,663,400	(200,000)	68,315,300	71,812,300	3,497,000
II. EXPENDITURE CATEGORY									
Personnel Costs	9,759,600	9,759,600		10,088,100	10,088,100		10,337,400	10,337,400	
Operating Expenses	4,254,100	4,254,100		9,547,500	9,547,500		19,549,100	19,549,100	
Grants, Loans, Benefits	28,227,800	28,227,800		33,227,800	33,027,800	(200,000)	33,227,800	33,027,800	(200,000)
Debt Service							5,201,000	8,898,000	3,697,000
TOTAL EXPENDITURES	42,241,500	42,241,500		52,863,400	52,663,400	(200,000)	68,315,300	71,812,300	3,497,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	31,391,500	31,391,500		31,825,500	31,625,500	(200,000)	32,076,400	31,876,400	(200,000)
Restricted Funds	2,322,200	2,322,200		2,166,700	2,166,700		2,163,800	2,163,800	
Federal Funds	8,527,800	8,527,800		8,527,800	8,527,800		8,527,800	8,527,800	
Regular Total Funds	42,241,500	42,241,500		42,520,000	42,320,000	(200,000)	42,768,000	42,568,000	(200,000)
Use of Continuing									
TOTAL BASE LEVEL	42,241,500	42,241,500		42,520,000	42,320,000	(200,000)	42,768,000	42,568,000	(200,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				5,300,000	5,300,000		20,501,000	24,198,000	3,697,000
Restricted Funds				5,043,400	5,043,400		5,046,300	5,046,300	
TOTAL ADDITIONAL				10,343,400	10,343,400		25,547,300	29,244,300	3,697,000
V. ADDITIONAL BUDGET ITEMS									
1	EXPAN Operations and Support Services - Education Technology								
ABR540B0005	Provides coal severance funds for education technology for coal producing counties.								
Restricted Funds				5,000,000	5,000,000		5,000,000	5,000,000	
Project Total				5,000,000	5,000,000		5,000,000	5,000,000	
2	GB Operations and Support Services - Administrative Services								
ABR540B0003	Provides funds for one vacant Administrative Specialist position.								
Restricted Funds				43,400	43,400		46,300	46,300	
Project Total				43,400	43,400		46,300	46,300	

D - Department of Education

Operating Budget

Operations and Support Services

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3 NEW	Operations and Support Services - IT Capital Projects							
ABR540B0009	Provides funds for operational components of recommended information technology projects.							
General Fund			5,300,000	5,300,000		15,300,000	15,300,000	
Project Total			5,300,000	5,300,000		15,300,000	15,300,000	
4 NEW	Debt Service							
ABR540B0008	Provide debt service in FY 2007-08 for \$87.15M in capital projects. Online Assessment (\$15M) and the Knowledge Mgmt. Portal (\$3.25M) were vetoed by the Governor resulting in a lapse of debt service of \$1,273,000 in FY 2007-08.							
General Fund						5,201,000	8,898,000	3,697,000
Project Total						5,201,000	8,898,000	3,697,000
TOTAL ADDITIONAL			10,343,400	10,343,400		25,547,300	29,244,300	3,697,000

TRANSFERS TO THE GENERAL FUND

Operations and Support Services

Agency Revenue Fund	150,000	150,000
TOTAL	150,000	150,000

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Operations and Support Services

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Operations and Support Services, Restricted Funds of \$150,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Teachers' Retirement System Employer Match: Included in the above General Fund appropriation is \$2,705,600 in fiscal year 2006-2007 and \$2,840,900 in fiscal year 2007-2008 to enable the Department of Education to provide the employer match for the teacher retirement contribution for qualified employees as provided by KRS 161.550."

"Debt Service: Included in the above General Fund appropriation is \$5,201,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"School Technology in Coal Counties: Included in the above Restricted Funds appropriation is \$5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school districts within coal-producing counties."

"Management Assistance Program: Included in the above General Fund appropriation is \$200,000 in each fiscal year for the Management Assistance Program."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"P-16 Education IT Integration Initiative"

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"The Commissioner of the Department of Education, the Secretary of the Education Cabinet, the President of the Council on Postsecondary Education, and the Executive Director of the Education Professional Standards Board shall submit a coordinated plan for the expenditure of these funds to the State Budget Director and the Secretary of the Finance and Administration Cabinet for approval prior to the expenditure of these funds. The approved plan shall be provided to the Interim Joint Committee on Appropriations and Revenue."

The State/Executive Branch Budget Bill provides General Fund resources of \$5,300,000 in fiscal year 2006-2007 and \$15,300,000 in fiscal year 2007-2008 for operational support of the three capital projects identified in Part II, Capital Projects Budget, of this Act.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly does not provide General Fund Support of \$200,000 in each fiscal year for the Management Assistance program.

The General Assembly does not provide General Fund support for debt service for the P-16 Education IT Integration Initiative.

The General Assembly provides a reduced level of General Fund support for debt service for the Knowledge Management Portal as set forth in Part II of this act.

The General Assembly provides General Fund support totaling \$8,898,000 for debt service for new bonds as set forth in Part II of this act.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the following language provisions:

"Debt Service: Included in the above General Fund appropriation is \$8,898,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the \$8,898,000 is \$620,000 in fiscal year 2007-2008 to provide debt service for new bonds for a high-speed education telecommunications network that supports a set of seamless P-16 management, instructional, and research applications. The network shall consist of 100 MBPS to at least 40 percent of Kentucky's local school districts and at least ten MBPS to the remaining local school districts. Included in the \$8,898,000 is \$696,000 in fiscal

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year 2007-2008 to provide debt service for a functionally robust and modern system to ensure the efficient collection and management of student information, including a unique student identifier, at the school, district, and state levels. Included in the \$8,898,000 is \$1,044,000 in fiscal year 2007-2008 to provide debt service for a Web-based, on-line testing program that provides a quicker return of test results, student accountability, and assessment integration into teaching and learning situations on a real-time basis. Included in the \$8,898,000 is \$229,000 in fiscal year 2007-2008 to provide debt service for a knowledge management portal that will provide K-12 public educators with intuitive access to indexed, aligned, and well-organized Web-based instructional resources such as units of study that connect curriculum, instruction, and assessment with other data generated by schools and the Kentucky Department of Education. Included in the \$8,898,000 is \$6,069,000 in fiscal year 2007-2008 to provide debt service for the purchase of modern workstations, stationary or mobile, for public K-12 schools to support advanced instructional activities, including on-line learning and Internet 2 instructional activities. The Kentucky Board of Education shall approve a plan for distribution of the workstations. Included in the \$8,898,000 is \$144,000 in fiscal year 2007-2008 to provide debt service for the Rockcastle County Vocational and Technical Center. Included in the \$8,898,000 is \$96,000 in fiscal year 2007-2008 to provide debt service for the Letcher County Central Vocational Center."

"School Technology in Coal Counties: Included in the above Restricted Funds appropriation is \$5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of the Department of Education is authorized to use up to \$1,000,000 of the above \$5,000,000 appropriation in each fiscal year to make offers of assistance to qualifying local school districts in coal-producing counties to fund technology projects; to be eligible for these offers of assistance, local school districts may be required to provide a match of not more than two to one from any of their other funding courses. The Commissioner of the Department of Education shall use \$2,500,000 of the above \$5,000,000 appropriation to continue the Coal County Computing program under the direction of the Kentucky Economic Development Finance Authority. The Commissioner of the Department of Education shall distribute the remainder of the above \$5,000,000 appropriation to coal-producing counties in a manner consistent with distributions to local school districts from the Kentucky Education Technology System; these funds shall be in addition to any regular distribution to coal-producing counties from the Kentucky Education Technology System."

The General Assembly adds a Part I, Operating Budget, language provision as follows:

"Education Technology Program: Included in the above General Fund appropriation is \$19,500,000 in each fiscal year for the Education Technology Program."

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Operations and Support Services

The General Assembly deletes a Part I, Operating Budget, language provision as follows:

"Management Assistance Program: Included in the above General Fund appropriation is \$200,000 in each fiscal year for the Management Assistance Program."

The General Assembly amends Part II, Capital Budget, to not provide Bond Funds totaling \$16,100,000 for the P-16 Education IT Integration Initiative.

The General Assembly amends Part II, Capital Budget, to provide a reduced level of Bond Funds totaling \$3,250,000 for the Knowledge Management Portal.

The General Assembly adds Part II, projects as follows:

Education Technology Pool - \$50,000,000 in Bond Funds in fiscal year 2006-2007.

Student Information System - \$10,000,000 in Bond Funds in fiscal year 2006-2007.

Kentucky Education Network - \$8,900,000 in Bond Funds in fiscal year 2006-2007.

Rockcastle County Vocational and Technical Center - \$1,500,000 in Bond Funds in fiscal year 2006-2007.

Letcher County Central Vocational Center - \$2,000,000 in Bond Funds in fiscal year 2006-2007.

The General Assembly adds in Part II, Capital Budget, a language provision as follows:

"Kentucky Education Network"

"The Secretary of the Education Cabinet, the Commissioner of the Department of Education, the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Executive Director of the Education Professional Standards Board shall submit a coordinated implementation plan with timelines and regular progress reports to the

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Interim Joint Committee on Appropriations and Revenue. All expenditures shall require the prior approval of the Secretary of the Finance and Administration Cabinet."

The Governor of the Commonwealth vetoes, in part, the following:

Partial Veto #4 of HB380 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:...*

...Page 49, lines 23 through 27, in their entirety.

Page 50, lines I through 22, in their entirety....

...Page 164, lines 10 through 13, in their entirety....

...These parts represent capital projects authorized for bond financing. I am vetoing these projects because it is my belief that the Commonwealth cannot afford to sustain the debt that would have to be incurred to fund them without jeopardizing its credit rating and financial future. To fund these projects would limit the Commonwealth's ability to adequately fund its operating expenses in the short and long term. The overall level of debt of the Commonwealth has ballooned in recent years. Record levels of debt were approved in both the 2005 General Assembly and the 2006 General Assembly. In comparison to other states, the debt per capita for Kentucky has increased substantially while most states have held constant or reduced their relative debt levels. I do not take issue with the merit of any one of these projects, or their ability to have a positive impact on our Commonwealth. My concern is the overall level of debt that we will rely on our children and grandchildren to honor.

The credit rating services closely review the degree to which the Commonwealth can meet recurring expenditures with recurring revenues. I am concerned about the structural imbalance in the operating budget. However, due to the structure of the appropriations Act, there is limited ability to impact the appropriation levels in the budget without jeopardizing entire programs. Many of the projects vetoed herein were only provided with a half year of debt service in the biennium, adding to the structural imbalance that will have to be addressed in the succeeding biennial budget. The debt service for these capital projects represents \$11,076,000 in General Fund appropriations in fiscal year 2007-2008. These appropriations will lapse to the General Fund Surplus account.

The part on page 50, lines 1 through 3, mandates the procurement of a specific bandwidth for local school districts with the funds appropriated for a data/telecommunications network. I am vetoing this part because specifying a particular bandwidth

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in an Appropriations Act unduly eliminates the necessary administrative discretion of the Executive. It also precludes the implementation of network bandwidth that most appropriately meets the needs of each school district, is cost-effective, is based on an analysis of empirical data, and can be afforded within the funds available."

Partial Veto #8 of HB 380 - "I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following distinct part:

Page 51, line 6, after the word "program" delete "under the".

Page 51, line 7, delete "direction of the Kentucky Economic Development Finance Authority".

This part places funding received by the Department of Education for the Coal County Computing program under the direction of the Kentucky Economic Development Finance Authority. I am vetoing this part because the funds are appropriated to the Department of Education, and because providing school technology resources is the responsibility of the Department of Education."

D - Department of Education**Capital Budget****Operations and Support Services**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				37,350,000	72,400,000	35,050,000			
Investment Income				675,000	675,000		675,000	675,000	
TOTAL CAPITAL				38,025,000	73,075,000	35,050,000	675,000	675,000	
II. CAPITAL PROJECTS									
1	Maintenance Pool								
PRJ540B1450									
Investment Income				675,000	675,000		675,000	675,000	
Project Total				675,000	675,000		675,000	675,000	
2	On-Line Assessment (VETOED BY GOVERNOR)								
PRJ540B1453									
Bond Funds				15,000,000	15,000,000	(15,000,000)			
Project Total				15,000,000		(15,000,000)			
3	Knowledge Management Portal (VETOED BY GOVERNOR)								
PRJ540B1451									
Bond Funds				6,250,000	3,250,000	(6,250,000)			
Project Total				6,250,000		(6,250,000)			
4	P-16 Education IT Integration Initiative								
PRJ540B1454									
Bond Funds				16,100,000		(16,100,000)			
Project Total				16,100,000		(16,100,000)			
5	Education Technology Pool								
PRJ540B1456									
Bond Funds					50,000,000	50,000,000			
Project Total					50,000,000	50,000,000			
6	Rockcastle County Vocational and Technical Center								
PRJ540B1458									
Bond Funds					1,500,000	1,500,000			
Project Total					1,500,000	1,500,000			

D - Department of Education**Capital Budget****Operations and Support Services**

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
7	Letcher County Central Vocational Center									
	PRJ540B1462									
	Bond Funds					2,000,000	2,000,000			
	Project Total					2,000,000	2,000,000			
8	Student Information System									
	PRJ540B1452									
	Bond Funds					10,000,000	10,000,000			
	Project Total					10,000,000	10,000,000			
9	Kentucky Education Network									
	PRJ540B1460									
	Bond Funds					8,900,000	8,900,000			
	Project Total					8,900,000	8,900,000			
TOTAL CAPITAL					38,025,000	73,075,000	35,050,000	675,000	675,000	

Note: Boxed figure denotes enacted amount that was vetoed by the Governor and is not included in the totals.

D - Department of Education**Operating Budget****Learning and Results Services**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
General Fund	758,643,600	758,643,600		836,774,700	791,940,900	(44,833,800)	883,086,300	839,939,300	(43,147,000)
Restricted Funds	2,621,200	2,621,200		2,621,200	2,621,200		2,621,200	2,621,200	
Federal Funds	678,722,700	678,722,700		679,119,100	679,119,100		678,843,600	678,843,600	
Regular Total Funds	1,441,875,900	1,441,875,900		1,519,903,400	1,475,069,600	(44,833,800)	1,566,059,500	1,522,912,500	(43,147,000)
Use of Continuing	7,300,600	7,300,600							
TOTAL FUNDS	1,449,176,500	1,449,176,500		1,519,903,400	1,475,069,600	(44,833,800)	1,566,059,500	1,522,912,500	(43,147,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	51,622,700	51,622,700		51,984,900	51,984,900		52,529,600	52,529,600	
Operating Expenses	14,290,600	14,290,600		14,964,000	14,964,000		14,905,100	14,905,100	
Grants, Loans, Benefits	1,383,263,200	1,383,263,200		1,452,954,500	1,408,120,700	(44,833,800)	1,498,624,800	1,455,477,800	(43,147,000)
TOTAL EXPENDITURES	1,449,176,500	1,449,176,500		1,519,903,400	1,475,069,600	(44,833,800)	1,566,059,500	1,522,912,500	(43,147,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400		1,388,400	1,388,400		1,508,400	1,508,400	
General Fund	758,643,600	758,643,600		762,055,200	755,420,500	(6,634,700)	762,819,800	762,844,700	24,900
Restricted Funds	2,621,200	2,621,200		2,621,200	2,621,200		2,621,200	2,621,200	
Federal Funds	678,722,700	678,722,700		679,119,100	679,119,100		678,843,600	678,843,600	
Regular Total Funds	1,441,875,900	1,441,875,900		1,445,183,900	1,438,549,200	(6,634,700)	1,445,793,000	1,445,817,900	24,900
Use of Continuing	7,300,600	7,300,600							
TOTAL BASE LEVEL	1,449,176,500	1,449,176,500		1,445,183,900	1,438,549,200	(6,634,700)	1,445,793,000	1,445,817,900	24,900
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				74,719,500	36,520,400	(38,199,100)	120,266,500	77,094,600	(43,171,900)
TOTAL ADDITIONAL				74,719,500	36,520,400	(38,199,100)	120,266,500	77,094,600	(43,171,900)
V. ADDITIONAL BUDGET ITEMS									
1 DC	Learning and Results Services - Local District Health Insurance								
ABR540DDC000	Provides funds to support projected health insurance costs based on actuarial analysis.								
General Fund				46,267,200		(46,267,200)	91,314,200	32,314,200	(59,000,000)
Project Total				46,267,200		(46,267,200)	91,314,200	32,314,200	(59,000,000)
2 GB	Learning and Results Services - Early Childhood Education								
ABR540D0018	Provides funds for preschool services for children under 150% of the federal poverty level.								
General Fund				23,502,300	23,502,300		23,502,300	23,502,300	
Project Total				23,502,300	23,502,300		23,502,300	23,502,300	

D - Department of Education**Operating Budget****Learning and Results Services**

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3	GB	Learning and Results Services - Career and Technical Education								
ABR540D0012		Provides funds equal to percentage increase for State Run Vocational Schools and funding for Jessamine, Johnson, and Bath Co. vocational program.								
General Fund					700,000	960,000	260,000	700,000	1,190,000	490,000
Project Total					700,000	960,000	260,000	700,000	1,190,000	490,000
4	EXPAN	Learning and Results Services - Read to Achieve								
ABR540D0022		Provides additional General Funds to expand reading program.								
General Fund					4,000,000	9,458,100	5,458,100	4,000,000	12,458,100	8,458,100
Project Total					4,000,000	9,458,100	5,458,100	4,000,000	12,458,100	8,458,100
5	EXPAN	Learning and Results Services - Save the Children, Rural Literacy Program								
ABR540D0031		Provides funds for the Save the Children Rural Literacy Program								
General Fund						250,000	250,000		250,000	250,000
Project Total						250,000	250,000		250,000	250,000
6	EXPAN	Learning and Results Services - Community Education								
ABR540D0032		Provides funds for 15 additional community education programs.								
General Fund						300,000	300,000		300,000	300,000
Project Total						300,000	300,000		300,000	300,000
7	NEW	Learning and Results Services - Partnership for Student Success								
ABR540D0033		Provides funds for the Partnership for Student Success program to develop pilot programs for increased parent and community involvement in K-12 education.								
General Fund									430,000	430,000
Project Total									430,000	430,000
8	EXPAN	Learning and Results Services - State Agency Children								
ABR540D0037		Provides additional support for the education of children in state agency programs.								
General Fund						500,000	500,000		500,000	500,000
Project Total						500,000	500,000		500,000	500,000
9	EXPAN	Learning and Results Services - Safe Schools Program								
ABR540D0038		Provides additional funds for the Safe Schools program.								
General Fund						250,000	250,000		250,000	250,000
Project Total						250,000	250,000		250,000	250,000

D - Department of Education**Operating Budget****Learning and Results Services**

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
10	EXPAN	Learning and Results Services - Collaborative Center for Literacy Development								
ABR540D0040		Provides funds for a demonstration strategy for a technology based Adult Literacy Initiative; research studies; and training of Reading Recovery Teachers.								
General Fund					1,200,000	1,200,000		1,400,000	1,400,000	
Project Total					1,200,000	1,200,000		1,400,000	1,400,000	
11	EXPAN	Learning and Results Services - Mathematics Achievement Fund								
ABR540D0041		Provides funds for training early intervention teachers and for school mathematics grants.								
General Fund								3,000,000	3,000,000	
Project Total								3,000,000	3,000,000	
12	NEW	Learning and Results Services - ACT and WorkKeys								
ABR540D0042		Provides funds for ACT and WorkKeys testing for high school students.								
General Fund								1,400,000	1,400,000	
Project Total								1,400,000	1,400,000	
13	NEW	Learning and Results Services - Ready, Set, Success Program								
ABR540D0030		Provide funds for the Ready, Set, Success program focused on readiness of children under six (6) years of age.								
General Fund				250,000		(250,000)	750,000		(750,000)	
Project Total				250,000		(250,000)	750,000		(750,000)	
14	NEW	Learning and Results Services - Specialized Tutoring Program								
ABR540D0043		Provides funds to establish, at a state university, a specialized tutoring program for students with learning disabilities.								
General Fund					100,000	100,000		100,000	100,000	
Project Total					100,000	100,000		100,000	100,000	
TOTAL ADDITIONAL				74,719,500	36,520,400	(38,199,100)	120,266,500	77,094,600	(43,171,900)	

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BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the School Districts Flexible Spending Account Expendable Trust Fund, Restricted Funds of \$7,000,000 in fiscal year 2005-2006, \$12,000,000 in fiscal year 2006-2007, and \$12,000,000 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement provides General Fund - Phase I Tobacco Settlement Funds totaling \$1,388,400 in fiscal year 2006-2007 and \$1,508,400 in fiscal year 2007-2008 for Early Childhood initiatives.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Funding for Employer Health and Life Insurance: If the costs for health insurance or life insurance coverage for employees of local school districts exceed the levels of appropriated funds, any unexpended Support Education Excellence in Kentucky appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject to approval of the Governor upon the written recommendation of the Secretary of the Finance and Administration Cabinet pursuant to the written request of the Commissioner of Education. The per-month per-employee administrative assessment shall be remitted to the Personnel Cabinet by the Department of Education from the General Fund appropriation for local school district health and life insurance."

"Kentucky School for the Blind and Kentucky School for the Deaf: Included in the above General Fund appropriation is \$6,441,400 in fiscal year 2006-2007 and \$6,657,100 in fiscal year 2007-2008 for the Kentucky School for the Blind, and \$9,003,200 in fiscal year 2006-2007 and \$9,304,200 in fiscal year 2007-2008 for the Kentucky School for the Deaf."

"Kentucky Education Technology System: (a) Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.660, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which

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identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds.

(b) The School for the Deaf and the School for the Blind shall be fully eligible, along with local school districts, to participate in the Kentucky Education Technology System in a manner that takes into account the special needs of the students of these two schools."

"Family Resource and Youth Services Centers: Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2006-2007 and in fiscal year 2007-2008 to the Cabinet for Health and Family Services consistent with the intent of KRS 156.497. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family Resource or Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

If 70 percent or more of the funding level provided by the state is utilized to support the salary of the director of a center, that center shall provide a report to the Cabinet for Health and Family Services identifying the salary of the director. The Cabinet for Health and Family Services shall transmit any reports received from Family Resource and Youth Services Centers pursuant to this provision to the Legislative Research Commission."

"Health Insurance: Included in the above General Fund appropriation is \$517,808,000 in fiscal year 2006-2007 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage. Included in the above General Fund appropriation is \$562,855,000 in fiscal year 2007-2008 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage."

"Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

- (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$75,127,000 in each fiscal year for the Preschool Program;

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- (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- (e) \$10,128,300 in each fiscal year for the Safe Schools Program;
- (f) \$19,500,000 in each fiscal year for the Education Technology Program;
- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008 for the Commonwealth School

Improvement Fund;

- (i) \$5,624,900 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educators
- Program;
- (j) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
 - (k) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
 - (l) \$1,800,000 in each fiscal year for the Community Education Program;
 - (m) \$720,900 in each fiscal year for the Dropout Prevention Program;
 - (n) \$15,100,000 in fiscal year 2006-2007 and \$15,100,000 in fiscal year 2007-2008 for the Early Reading Incentive

Grant/Read to Achieve Program;

- (o) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (p) \$4,276,700 in each fiscal year for the School Food Services match;
- (q) \$10,462,100 in each fiscal year for the State Agency Children Program;
- (r) \$1,600,000 in each fiscal year for the Teacher Academies Program;

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- (s) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (t) \$800,000 in each fiscal year for the Virtual Learning Program;
- (u) \$10,685,400 in each fiscal year for the Locally Operated Vocational Schools;
- (v) \$610,300 in each fiscal year for the Writing Program;
- (w) \$500,000 in each fiscal year for the Every1 Reads Program;
- (x) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;
- (y) \$720,900 in each fiscal year for the Elementary Arts and Humanities Program;
- (z) \$3,900,000 in each fiscal year for the Mathematics Achievement Fund;
- (aa) \$387,500 in each fiscal year for the Middle School Academic Center;
- (ab) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ac) \$3,925,300 in each fiscal year for the Professional Growth Fund;
- (ad) \$250,000 in each fiscal year for the Save the Children/Rural Literacy Program;
- (ae) \$250,000 in fiscal year 2006-2007 and \$750,000 in fiscal year 2007-2008 for the Ready, Set, Success Program; and
- (af) The allocations referenced in Section (5) of this budget unit for Local School District Health Insurance."

"Program Flexibility: Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, five programs (Professional Development, Extended School Services, Preschool, Textbooks, and Safe Schools) shall continue to permit the state and local school districts additional flexibility in the distribution of program funds while still addressing the governing statutes and serving the need and the intended student population."

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"Local District Grant Fund Carry Forward: Notwithstanding KRS 45.229, up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the Read to Achieve Program, appropriated to the Department of Education and disbursed to a local district that is unexpended during fiscal year 2006-2007 may be carried forward to fiscal year 2007-2008. Notwithstanding KRS 45.229, any state grant fund for the Read to Achieve Program in fiscal year 2006-2007 may be carried forward to fiscal year 2007-2008."

"Highly Skilled Educators: Notwithstanding KRS 158.6455(3), 158.782, and 160.350(3), the Kentucky Department of Education shall have the authority to expend moneys appropriated for the Highly Skilled Education Assistance Program on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Pub. L. 107-110)."

"Commonwealth School Improvement Fund: Notwithstanding KRS 158.805, the Commissioner of Education shall be authorized to use the Commonwealth School Improvement Fund to provide support services to schools needing assistance under KRS 158.6455 or in order to meet the requirements of No Child Left Behind."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides for a reduction in General Fund support totaling \$52,000,000 in fiscal year 2006-2007 and \$59,000,000 in fiscal year 2007-2008 for local district health insurance based on updated actuarial projections.

The General Assembly provides additional General Fund support totaling \$160,000 in fiscal year 2006-2007 and \$390,000 in fiscal year 2007-2008 for locally operated vocational schools to match the percentage increase in operating funding for the state operated vocational schools.

The General Assembly provides additional General Fund support totaling \$100,000 in each fiscal year for the Bath County Vocational and Technical School.

The General Assembly provides additional General Fund support totaling \$250,000 in each fiscal year for the Save the Children rural literacy program.

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The General Assembly provides additional General Fund support totaling \$300,000 in each fiscal year for the Community Education Program to establish programs in fifteen additional counties.

The General Assembly provides additional General Fund support totaling \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program.

The General Assembly provides additional General Fund support totaling \$500,000 in fiscal year 2006-2007 and \$500,000 in fiscal year 2007-2008 for the education of children in state agency programs.

The General Assembly provides additional General Fund support totaling \$250,000 in each fiscal year for the Safe Schools Program.

The General Assembly does not provide General Fund support totaling \$250,000 in fiscal year 2006-2007 and \$750,000 in fiscal year 2007-2008 for the Ready, Set, Success Program.

The General Assembly does not provide additional Coal Severance Funds totaling \$4,000,000 in each fiscal year for the Read to Achieve program. The General Assembly does provide additional General Fund support totaling \$9,458,100 in fiscal year 2006-2007 and \$12,458,100 in fiscal year 2007-2008 for the Read to Achieve program.

The General Assembly provides additional General Fund support totaling \$1,200,000 in fiscal year 2006-2007 and \$1,400,000 in fiscal year 2007-2008 for the Collaborative Center for Literacy Development.

The General Assembly provides additional General Fund support totaling \$3,000,000 in fiscal year 2007-2008 for the Mathematics Achievement Fund.

The General Assembly provides additional General Fund support totaling \$1,400,000 in fiscal year 2007-2008 for ACT and WorkKeys testing.

The General Assembly amends Part I, Operating Budget, language provisions as follows:

"Health Insurance: Included in the above General Fund appropriation is \$465,808,000 in fiscal year 2006-2007 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage. Included in

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the above General Fund appropriation is \$503,855,000 in fiscal year 2007-2008 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage."

"Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

- (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$75,127,000 in each fiscal year for the Preschool Program;
- (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- (e) \$10,378,300 in each fiscal year for the Safe Schools Program;
- (f) \$1,400,000 in fiscal year 2007-2008 for ACT and WorkKeys testing;
- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,200,000 in fiscal year 2006-2007 and \$1,400,000 in fiscal year 2007-2008 for the Collaborative Center for Literacy

Development;

- (i) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
- (j) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
- (k) \$2,100,000 in each fiscal year for the Community Education Program;
- (l) \$720,900 in each fiscal year for the Dropout Prevention Program;
- (m) \$20,558,100 in fiscal year 2006-2007 and \$23,558,100 in fiscal year 2007-2008 for the Early Reading Incentive

Grant/Read to Achieve Program;

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- (n) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (o) \$4,276,700 in each fiscal year for the School Food Services match;
- (p) \$10,962,100 in each fiscal year for the State Agency Children Program;
- (q) \$1,600,000 in each fiscal year for the Teacher Academies Program;
- (r) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (s) \$800,000 in each fiscal year for the Virtual Learning Program;
- (t) \$10,945,400 in fiscal year 2006-2007 and \$11,175,400 in fiscal year 2007-2008 for the Locally Operated Vocational

Schools;

- (u) \$610,300 in each fiscal year for the Writing Program;
- (v) \$500,000 in each fiscal year for the Every1 Reads Program;
- (w) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;
- (x) \$484,400 in each fiscal year for the Elementary Arts and Humanities Program;
- (y) \$3,000,000 in fiscal year 2006-2007 and \$6,900,000 in fiscal year 2007-2008 for the Mathematics Achievement Fund;
- (z) \$387,500 in each fiscal year for the Middle School Academic Center;
- (aa) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ab) \$3,925,300 in each fiscal year for the Professional Growth Fund;
- (ac) \$500,000 in each fiscal year for the Save the Children/Rural Literacy Program;
- (ad) The allocations referenced in subsection (5) of this budget unit for Local School District Health Insurance;

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(ae) \$100,000 in each fiscal year for a specialized tutoring program for students with learning disabilities from Appalachian counties, as identified by the Appalachian Regional Commission. This program shall be located at a public institution of high education selected by the Commissioner of Education;

(af) \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program;

(ag) \$5,624,000 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educator Program;
and

(ah) \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008 for the Commonwealth School Improvement Fund."

The General Assembly adds Part I, Operating Budget, language provisions as follows:

"Publishing Requirements: Notwithstanding KRS 158.6453(7), 160.463, and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed."

"Surplus Property: Notwithstanding KRS 45A.045, 45.777, and 56.463, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited in a restricted account and shall not be expended without appropriation authority granted by the General Assembly."

"Funds Transfer: The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs."

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"Locally Operated Vocational Programs: Notwithstanding KRS 157.069, the supplemental funding distribution shall include Category II and III programs in districts established after June 21, 2001, with state assistance if approved by the Commissioner of Education."

"Partnership for Student Success: Included in the above General Fund appropriation is \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program. These funds shall be expended to develop pilot programs to demonstrate effective strategies to increase community and parental involvement in K-12 education by providing additional tools for educators to improve instruction and promote student health and wellness."

"School Calendar Evaluation: The Kentucky Department of Education is directed to conduct an evaluation of school calendars. The primary purpose of this evaluation is to determine the impact of alternative school calendars, including the use of extended time beyond the six hour instructional day, shortened days or weeks, and year-round calendars. The evaluation shall investigate the positive and negative effects on students, including academic achievement, extracurricular activities, parental support, and community acceptance. The evaluation shall review the impact on school district operations and finances related to transportation, utilities, staffing, facilities, food service, and other costs associated with operating efficiencies. A preliminary report shall be made to the Interim Joint Committee on Education by November 15, 2006, and a final report, including recommendations for regulatory or statutory changes, shall be made to the Interim Joint Committee on Education by January 15, 2007."

"Allocation of Safe School Funds: Notwithstanding KRS 158.446, the Center for School Safety shall develop and implement allotment policies for all moneys received for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446."

"Community Education: Included in the above General Fund appropriation is \$300,000 in each fiscal year to support the establishment of 15 additional community education programs."

"Coordination With Head Start: Each local district shall work with Head Start and other existing preschool programs to avoid duplication of services and programs, to avoid supplanting federal funds, to maximize Head Start funds in order to serve as many four year old children as possible, and shall maintain certification from the Head Start director that the Head Start Program is fully utilized. If a local district fails to comply with the requirements of this section, the Commissioner of the Department of Education shall withhold preschool funding for an amount equal to the number of Head Start eligible children served in the district who would have been eligible to be served by Head Start under the full utilization certification required under this section. The Commissioner of the

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Department of Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement."

"Advisory Council for Gifted and Talented Education: Notwithstanding KRS 158.648(1), a member of the Advisory Council for Gifted and Talented Education may be reappointed but may not serve more than three consecutive terms. A member of the Kentucky Association for Gifted Education shall be a voting member of the Advisory Council for Gifted and Talented Education."

D - Department of Education

Operating Budget

Support Education Excellence in Kentucky (SEEK)

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,594,892,700	2,594,892,700		2,680,435,400	2,681,182,900	747,500	2,815,817,700	2,930,595,600	114,777,900
Regular Total Funds	2,594,892,700	2,594,892,700		2,680,435,400	2,681,182,900	747,500	2,815,817,700	2,930,595,600	114,777,900
Use of Continuing									
TOTAL FUNDS	2,594,892,700	2,594,892,700		2,680,435,400	2,681,182,900	747,500	2,815,817,700	2,930,595,600	114,777,900
II. EXPENDITURE CATEGORY									
Grants, Loans, Benefits	2,594,892,700	2,594,892,700		2,680,435,400	2,681,182,900	747,500	2,815,817,700	2,930,595,600	114,777,900
TOTAL EXPENDITURES	2,594,892,700	2,594,892,700		2,680,435,400	2,681,182,900	747,500	2,815,817,700	2,930,595,600	114,777,900
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,594,892,700	2,594,892,700		2,594,892,700	2,594,892,700		2,594,892,700	2,594,892,700	
Regular Total Funds	2,594,892,700	2,594,892,700		2,594,892,700	2,594,892,700		2,594,892,700	2,594,892,700	
Use of Continuing									
TOTAL BASE LEVEL	2,594,892,700	2,594,892,700		2,594,892,700	2,594,892,700		2,594,892,700	2,594,892,700	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				85,542,700	86,290,200	747,500	220,925,000	335,702,900	114,777,900
TOTAL ADDITIONAL				85,542,700	86,290,200	747,500	220,925,000	335,702,900	114,777,900
V. ADDITIONAL BUDGET ITEMS									
1 GB SEEK - Base Funding									
ABR540S0025	Provides additional funds for staff compensation, additional instructional days, and for the SEEK Base.								
General Fund				41,571,600	52,403,300	10,831,700	114,037,200	274,156,400	160,119,200
Project Total				41,571,600	52,403,300	10,831,700	114,037,200	274,156,400	160,119,200
2 GB SEEK - Tier I									
ABR540S0026	Provides funds for Tier I program based on equalization level of \$637,000 and projected ADA.								
General Fund				11,852,900	11,971,600	118,700	10,380,500	15,989,600	5,609,100
Project Total				11,852,900	11,971,600	118,700	10,380,500	15,989,600	5,609,100
3 GB SEEK - Equalized Facility Programs									
ABR540S0027	Provides funding for existing equalization programs based on equalization level of \$637,000 and projected ADA.								
General Fund				8,146,000	8,146,000		2,931,900	2,932,300	400
Project Total				8,146,000	8,146,000		2,931,900	2,932,300	400

D - Department of Education**Operating Budget****Support Education Excellence in Kentucky (SEEK)**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
4	GB	SEEK - KTRS Match									
ABR540S0028			Provides funds for KTRS match for local school district certified staff.								
General Fund						11,949,400	11,949,400		22,607,400	38,865,400	16,258,000
Project Total						11,949,400	11,949,400		22,607,400	38,865,400	16,258,000
5	GB	SEEK - Secondary Vocational Education									
ABR540S0029			Provides funds for ongoing operating costs for vocational programs.								
General Fund						351,200	351,200		858,400	858,400	
Project Total						351,200	351,200		858,400	858,400	
6	EXPAN	SEEK - Incentive Compensation									
ABR540S0006			Provides funds in second year of the biennium to provide for the enhanced compensation initiative for districts with an approved plan.								
General Fund									20,000,000		(20,000,000)
Project Total									20,000,000		(20,000,000)
7	GB	SEEK - Vocational Education									
ABR540S0005			Provides funds for the Office of Career and Technical Education request for operation of Warren, Pulaski, and Butler County Area Technology Centers.								
General Fund						750,000	750,000		750,000	750,000	
Project Total						750,000	750,000		750,000	750,000	
8	EXPAN	SEEK - Facility Matching Grant									
ABR540S0031			Provides funds for match for local funds for Performing Arts Center in school district 231.								
General Fund							200,000	200,000			
Project Total							200,000	200,000			
9	EXPAN	SEEK - National Board Certified Teachers Program									
ABR540S0032			Provides funds for projected growth in number of national board certified teachers receiving stipends.								
General Fund							246,000	246,000		646,000	646,000
Project Total							246,000	246,000		646,000	646,000
10	GB	SEEK - Limited English Proficiency									
ABR540S0002			Provides funds to districts to support services to students with limited English proficiency.								
General Fund										1,250,000	1,250,000
Project Total										1,250,000	1,250,000

D - Department of Education

Operating Budget

Support Education Excellence in Kentucky (SEEK)

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
11 EXPAN SEEK - Instructional and Professional Development Days								
ABR540S0003 Provide funds to add one (1) prof. dev. day in FY 2007 and two (2) instructional days in FY 2008.								
General Fund			10,921,600		(10,921,600)	49,359,600		(49,359,600)
Project Total			10,921,600		(10,921,600)	49,359,600		(49,359,600)
12 EXPAN SEEK - Retroactive Equalized Facility Funding								
ABR540S0036 Provide funding as a result of HB 557/EN for two additional school districts for the Retroactive Equalized Facility Funding Program								
General Fund				272,700	272,700		254,800	254,800
Project Total				272,700	272,700		254,800	254,800
TOTAL ADDITIONAL			85,542,700	86,290,200	747,500	220,925,000	335,702,900	114,777,900

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Support Education Excellence in Kentucky

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill provides a SEEK per pupil guarantee (including \$100 capital outlay) of \$3,505 in fiscal year 2006-2007 and \$3,669 in fiscal year 2007-2008 based on a projected average daily attendance (ADA) totaling 587,132 students in fiscal year 2006-2007 and 591,302 students in fiscal year 2007-2008.

The State/Executive Branch Budget Bill incorporates a consensus estimate reached by the Kentucky Department of Education and the Office of State Budget Director projecting a statewide assessed valuation of \$243,109,658,300 in fiscal year 2006-2007 and \$257,198,013,100 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill incorporates an amount of \$637,000 as 150% of the statewide average per pupil assessment in each fiscal year of the biennium for programs eligible for equalization (Tier I component of SEEK, Facilities Support Program of Kentucky, Equalized Growth Nickel, Retroactive Equalized Facility Funding, and Equalized Facility Funding).

The State/Executive Branch Budget Bill continues the modified hold-harmless guarantee in fiscal biennium 2006-2008 which provides that every local school district will receive at least the same amount of SEEK state funding per pupil as was received in fiscal year 1991-1992.

The State/Executive Branch Budget Bill includes the continuation of the factor (.15) to be applied to the SEEK base per pupil guarantee to determine the "at-risk" funds to be included in the SEEK funding formula in fiscal biennium 2006-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Common School Fund Earnings: Accumulated earnings for the Common School Fund shall be transferred in each fiscal year to the SEEK Program."

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"Base SEEK Allotments: The above appropriation includes \$2,088,307,900 in fiscal year 2006-2007 and \$2,195,862,700 in fiscal year 2007-2008 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$211,953,500 in fiscal year 2007-2008 for pupil transportation."

"Tier I Component: Included in the above appropriation is \$157,502,200 in fiscal year 2006-2007 and \$156,029,800 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440."

"Vocational Transportation: Included in the above appropriation is \$2,416,900 in fiscal year 2006-2007 and \$2,416,900 in fiscal year 2007-2008 for vocational transportation."

"Secondary Vocational Education: Included in the above appropriation is \$23,053,800 in fiscal year 2006-2007 and \$23,561,000 in fiscal year 2007-2008 to provide secondary vocational education in state-operated vocational schools."

"Teachers' Retirement System Employer Match: Included in the above appropriation is \$320,449,700 in fiscal year 2006-2007 and \$336,773,800 in fiscal year 2007-2008 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550. Included within the above appropriation is \$2,317,300 in fiscal year 2007-2008 for the employer match associated with the enhanced professional compensation program."

"Salary Supplements for Nationally Certified Teachers: Notwithstanding KRS 157.395, included in the above appropriation is \$1,858,000 in fiscal year 2006-2007 and \$1,858,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

"Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,505 per student in average daily attendance in fiscal year 2006-2007 and \$3,669 per student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

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Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

"Local School District Certified and Classified Employee Pay Policy: Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified and classified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified and classified staff a salary or compensation increase of not less than two percent. The above pay increases in fiscal year 2006-2007 and fiscal year 2007-2008 shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. Included in the above appropriation in fiscal year 2007-2008 is \$17,682,700 to implement an enhanced professional compensation program. Notwithstanding KRS 157.075, these funds shall be distributed on a per pupil basis to local school districts which have submitted a professional compensation enhancement plan that has been developed with postsecondary education technical assistance and which will assist in addressing needs identified in the district or school's scholastic audit if relevant and which is approved by the Commissioner of the Department of Education in accordance with KRS 157.075 and 702 KAR 3:310. Also included in the above appropriation is \$9,656,200 in fiscal year 2006-2007 and \$35,210,000 in fiscal year 2007-2008 to extend the school term in fiscal year 2006-2007 by one professional development day for classroom teachers as defined by the Commissioner of the Department of Education, and to extend the school term in fiscal year 2007-2008 by an additional two instructional days. Local boards of education that have, during or prior to the 2005-2006 school term, exercised the authority granted under KRS 158.070 to extend the school terms beyond 185 days, may expend the additional funds made available to them for the additional professional development and instructional days provided in the above appropriation for other purposes so long as the resulting school term is equal to at least 188 days."

"Final SEEK Calculation: Notwithstanding KRS 157.410, on or before March 1 of each year, the chief state school officer shall determine the exact amount of the public common school fund to which each district is entitled and the remainder of the amount due

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each district for the year shall be distributed in equal installments beginning the first month after completion of final calculation and for each successive month thereafter."

"SEEK Adjustment Factors: Funds allocated for the SEEK base and its adjustment factors that are not needed for the base or a particular adjustment factor may be allocated to other adjustment factors, if funds for that adjustment factor are not sufficient."

"Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above appropriation is \$67,749,100 in fiscal year 2006-2007 and \$63,970,600 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in fiscal year 2006-2007 and \$11,134,200 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of fiscal year 2003-2004; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2004-2005; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section."

"Retroactive Equalized Facility Funding: Included in the above appropriation is \$2,302,600 in fiscal year 2006-2007 and \$2,076,400 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall in fiscal year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

"Equalized Facility Funding: Included in the above General Fund appropriation is \$4,617,600 in fiscal year 2006-2007 and \$4,451,600 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

"School Employee Flexible Spending Account Funds Transfer: Any funds remaining in flexible spending accounts of employees of local school districts for calendar year 2006 and calendar year 2007 shall be transferred to the credit of the General Fund."

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Support Education Excellence in Kentucky

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides additional General Fund support totaling \$123,000,000 in fiscal year 2007-2008 for salary increases for local school district staff, including associated retirement match for certified staff.

The General Assembly provides additional General Fund support totaling \$26,600,000 in fiscal year 2007-2008 for an additional 1% increase in the SEEK per pupil base.

The General Assembly provides additional General Fund support totaling \$32,600,000 in fiscal year 2007-2008 for two additional instructional days.

The General Assembly provides for a factor of 0.075 in fiscal year 2006-2007 and 0.096 in fiscal year 2007-2008 to be applied to the SEEK base per pupil guarantee to determine the limited English proficiency funds to be included in the SEEK funding formula. The House provides additional General Fund support totaling \$1,250,000 in fiscal year 2007-2008 for the increase in the factor for limited English proficiency.

The General Assembly provides additional General Fund support totaling \$246,000 in fiscal year 2006-2007 and \$646,000 in fiscal year 2007-2008 for projected growth in the number of teachers receiving stipends after attaining National Board Certification.

The General Assembly provides a SEEK per pupil guarantee (including \$100 capital outlay) of \$3,508 in fiscal year 2006-2007 and \$3,822 in fiscal year 2007-2008 based on a projected average daily attendance (ADA) totaling 586,979 students in fiscal year 2006-2007 and 590,902 students in fiscal year 2007-2008.

The General Assembly amends Part I, Operating Budget, language provisions as follows:

"Base SEEK Allotments: The above appropriation includes \$2,089,483,300 in fiscal year 2006-2007 and \$2,312,486,700 in fiscal year 2007-2008 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for

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the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$214,752,800 in fiscal year 2007-2008 for pupil transportation."

"Tier I Component: Included in the above appropriation is \$157,620,900 in fiscal year 2006-2007 and \$161,638,900 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440."

"Teachers' Retirement System Employer Match: Included in the above appropriation is \$319,184,300 in fiscal year 2006-2007 and \$346,100,400 in fiscal year 2007-2008 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550."

"Salary Supplements for Nationally Certified Teachers: Notwithstanding KRS 157.395, included in the above appropriation is \$2,104,000 in fiscal year 2006-2007 and \$2,504,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

"Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,508 per student in average daily attendance in fiscal year 2006-2007 and \$3,822 per student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

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"Local School District Certified and Classified Employee Pay Policy: Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified staff a salary or compensation increase of not less than \$3,000. The salary increases in fiscal year 2006-2007 and fiscal year 2007-2008 for certified staff shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. During fiscal year 2006-2007, local school districts shall provide all classified staff a salary increase of two percent and, during fiscal year 2007-2008, local school districts shall provide all classified staff a salary increase of five percent. In fiscal year 2007-2008, no classified staff member shall receive a salary increase in excess of \$2,500. Classified staff employed by a local board of education that work less than full-time shall receive a pro rata share of the salary increase based on terms of their employment. The above increase in fiscal year 2006-2007 and fiscal year 2007-2008 for classified staff shall be in addition to a normal step increase or any increase that might result from assuming new duties or obtaining additional qualifications."

"Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above appropriation is \$67,749,200 in fiscal year 2006-2007 and \$63,970,700 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in fiscal year 2006-2007 and \$11,134,200 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of January 1, 2006; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2005-2006; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section by January 1, 2006."

"Retroactive Equalized Facility Funding: Included in the above appropriation is \$2,302,500 in fiscal year 2006-2007 and \$2,076,400 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall in fiscal year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

"Equalized Facility Funding: Included in the above General Fund appropriation is \$4,617,700 in fiscal year 2006-2007 and \$4,451,600 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005

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Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

The General Assembly adds Part I, Operating Budget, language provisions as follows:

"Instructional Days: Included in the above General Fund appropriation is \$32,600,000 to extend the school term in fiscal year 2007-2008 by an additional two instructional days. Notwithstanding KRS 158.070, the school term for fiscal year 2007-2008 shall include the equivalent of 177 instructional days and shall include no less than two additional six-hour instructional days in addition to the six-hour instructional days included in the 2005-2006 school calendar as approved by the Department of Education. Districts shall not be required to exceed 177 six-hour instructional days."

"Facility Matching Grant: Included in the above General Fund appropriation is \$200,000 in fiscal year 2006-2007 for a matching grant to the Hardin County Educational Foundation, Inc. for the completion of the John Hardin Performing Arts Center."

"Transportation Study: The Legislative Research Commission is hereby directed to study the current funding formula and the equitable disbursement of pupil transportation funds. The study of pupil transportation funding shall include:

- (a) An analysis of the current formula used to determine the level of reimbursed funding for school districts, including its equity and adequacy, and recommendations for improvement; and
- (b) A comparison of the efficiencies used by school districts in the operation of their transportation systems, including recommendations for efficiency requirements or incentives.

The Legislative Research Commission shall contract with nongovernmental consultants to conduct the study. The consultants shall have the full cooperation of the Executive Branch and the Legislative Branch.

The consultants shall present a final report of their findings to the Interim Joint Committee on Education and to the Interim Joint Committee on Appropriations and Revenue no later than July 1, 2007.

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Provisions of this section to the contrary notwithstanding, the Legislative Research Commission shall have the authority to alternatively assign the issues identified herein to an interim joint committee or subcommittee thereof, and to designate a study completion date."

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 557, Section (15), provides the following: "On page 58, line 20 of 2006 Regular Session HB 380/EN, delete '\$2,680,910,200' and insert in lieu thereof '\$2,681,182,900', and delete '\$2,930,340,800' and insert in lieu thereof '\$2,930,595,600'."

House Bill 557, Section (16), provides the following: "On page 61, line 27 of 2006 Regular Session HB 380/EN, delete '\$2,302,500' and insert in lieu thereof '\$2,575,200' and delete '\$2,076,400' and insert in lieu thereof '\$2,331,200'."

House Bill 557, Section (17), provides the following: "On page 62, lines 2 and 3 of 2006 Regular Session HB 380/EN, delete 'in fiscal year during or prior to fiscal year 2003-2004' and insert in lieu thereof 'prior to January 1, 2006'."

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D - Department of Education

Operating Budget

Department of Education

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Department of Education									
School Districts Flexible	7,000,000	7,000,000		12,000,000	12,000,000		12,000,000	12,000,000	
Spending Account									
Expendable Trust Fund									
TOTAL	7,000,000	7,000,000		12,000,000	12,000,000		12,000,000	12,000,000	

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Education Cabinet

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EDUCATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	8,637,400	8,637,400		9,008,600	9,008,600		9,117,600	9,117,600	
Deaf and Hard of Hearing	1,102,500	1,102,500		1,277,400	1,510,400	233,000	1,290,000	1,523,000	233,000
Kentucky Educational Television	15,904,800	15,904,800		16,460,800	16,460,800		16,657,100	18,564,100	1,907,000
Environmental Education Council	1,061,800	187,200	(874,600)	192,800	192,800		194,400	194,400	
Library and Archives	10,313,600	10,313,600		10,682,500	10,682,500		10,829,900	10,829,900	
Library and Archives - Direct Local Aid	6,864,400	6,864,400		6,864,400	7,464,400	600,000	6,864,400	7,739,400	875,000
Office for the Blind	12,418,100	12,418,100		12,640,000	12,640,000		12,775,700	12,775,700	
Employment and Training	672,353,200	672,353,200		675,218,400	675,218,400		675,371,200	675,371,200	
Career and Technical Education	65,912,900	65,912,900		65,359,100	65,444,100	85,000	65,253,200	65,303,400	50,200
Vocational Rehabilitation	61,952,500	61,952,500		61,351,100	62,405,200	1,054,100	61,209,900	62,301,200	1,091,300
Education Professional Standards Board	15,691,000	15,691,000		16,124,800	16,124,800		16,157,500	16,157,500	
Regular Appropriation	872,212,200	871,337,600	(874,600)	875,179,900	877,152,000	1,972,100	875,720,900	879,877,400	4,156,500

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EDUCATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	2,325,200	2,325,200		2,425,200	2,425,200		2,425,200	2,425,200	
Deaf and Hard of Hearing	845,500	845,500		920,400	920,400		933,000	933,000	
Kentucky Educational Television	14,208,300	14,208,300		14,694,500	14,694,500		14,909,100	16,816,100	1,907,000
Library and Archives	7,015,700	7,015,700		7,273,600	7,273,600		7,382,900	7,382,900	
Library and Archives - Direct Local Aid	6,431,400	6,431,400		6,431,400	7,031,400	600,000	6,431,400	7,306,400	875,000
Office for the Blind	1,307,700	1,307,700		1,335,300	1,335,300		1,343,200	1,343,200	
Career and Technical Education	30,676,400	30,676,400		30,005,200	30,090,200	85,000	29,844,300	29,894,500	50,200
Vocational Rehabilitation	12,707,000	12,707,000		12,764,900	13,089,700	324,800	12,807,000	13,134,400	327,400
Education Professional Standards Board	10,182,200	10,182,200		10,328,800	10,328,800		10,328,800	10,328,800	
Regular Appropriation	85,699,400	85,699,400		86,179,300	87,189,100	1,009,800	86,404,900	89,564,500	3,159,600

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Education Professional Standards Board	631,500	631,500	
Reserve Spending	631,500	631,500	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

EDUCATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	6,122,200	6,122,200		6,393,400	6,393,400		6,502,400	6,502,400	
Deaf and Hard of Hearing	257,000	257,000		357,000	590,000	233,000	357,000	590,000	233,000
Kentucky Educational Television	996,500	996,500		1,066,300	1,066,300		1,048,000	1,048,000	
Environmental Education Council	1,061,800	187,200	(874,600)	192,800	192,800		194,400	194,400	
Library and Archives	1,418,900	1,418,900		1,444,400	1,444,400		1,460,900	1,460,900	
Library and Archives - Direct Local Aid	9,000	9,000		9,000	9,000		9,000	9,000	
Office for the Blind	1,972,000	1,972,000		1,955,300	1,955,300		1,955,300	1,955,300	
Employment and Training	3,015,000	3,015,000		3,000,000	3,000,000		3,000,000	3,000,000	
Career and Technical Education	20,056,800	20,056,800		20,165,400	20,165,400		20,220,400	20,220,400	
Vocational Rehabilitation	2,904,100	2,904,100		2,673,500	2,673,500		2,675,600	2,675,600	
Education Professional Standards Board	1,129,600	1,129,600		1,416,800	1,416,800		1,449,500	1,449,500	
Regular Appropriation	38,942,900	38,068,300	(874,600)	38,673,900	38,906,900	233,000	38,872,500	39,105,500	233,000

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

EDUCATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	190,000	190,000		190,000	190,000		190,000	190,000	
Kentucky Educational Television	700,000	700,000		700,000	700,000		700,000	700,000	
Library and Archives	1,879,000	1,879,000		1,964,500	1,964,500		1,986,100	1,986,100	
Library and Archives - Direct Local Aid	424,000	424,000		424,000	424,000		424,000	424,000	
Office for the Blind	9,138,400	9,138,400		9,349,400	9,349,400		9,477,200	9,477,200	
Employment and Training	669,338,200	669,338,200		672,218,400	672,218,400		672,371,200	672,371,200	
Career and Technical Education	15,179,700	15,179,700		15,188,500	15,188,500		15,188,500	15,188,500	
Vocational Rehabilitation	46,341,400	46,341,400		45,912,700	46,642,000	729,300	45,727,300	46,491,200	763,900
Education Professional Standards Board	4,379,200	4,379,200		4,379,200	4,379,200		4,379,200	4,379,200	
Regular Appropriation	747,569,900	747,569,900		750,326,700	751,056,000	729,300	750,443,500	751,207,400	763,900

E - Education Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	85,699,400	85,699,400		86,179,300	87,189,100	1,009,800	86,404,900	89,564,500	3,159,600
Restricted Funds	38,942,900	38,068,300	(874,600)	38,673,900	38,906,900	233,000	38,872,500	39,105,500	233,000
Federal Funds	747,569,900	747,569,900		750,326,700	751,056,000	729,300	750,443,500	751,207,400	763,900
Regular Total Funds	872,212,200	871,337,600	(874,600)	875,179,900	877,152,000	1,972,100	875,720,900	879,877,400	4,156,500
Use of Continuing	631,500	631,500							
TOTAL FUNDS	872,843,700	871,969,100	(874,600)	875,179,900	877,152,000	1,972,100	875,720,900	879,877,400	4,156,500

II. EXPENDITURE CATEGORY

Personnel Costs	141,942,400	141,845,700	(96,700)	149,641,000	150,545,100	904,100	151,397,900	152,339,200	941,300
Operating Expenses	39,882,500	39,882,500		39,512,800	39,980,800	468,000	39,001,600	39,434,800	433,200
Grants, Loans, Benefits	689,516,600	688,738,700	(777,900)	684,477,800	685,077,800	600,000	683,869,600	684,744,600	875,000
Debt Service								1,907,000	1,907,000
Capital Outlay	1,502,200	1,502,200		1,548,300	1,548,300		1,451,800	1,451,800	
TOTAL EXPENDITURES	872,843,700	871,969,100	(874,600)	875,179,900	877,152,000	1,972,100	875,720,900	879,877,400	4,156,500

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	85,699,400	85,699,400		85,077,000	85,077,000		85,720,400	85,720,400	
Restricted Funds	38,063,300	38,063,300		37,907,900	38,140,900	233,000	38,102,900	38,335,900	233,000
Federal Funds	747,569,900	747,569,900		746,683,000	746,683,000		746,604,100	746,604,100	
Regular Total Funds	871,332,600	871,332,600		869,667,900	869,900,900	233,000	870,427,400	870,660,400	233,000
Use of Continuing	631,500	631,500							
TOTAL BASE LEVEL	871,964,100	871,964,100		869,667,900	869,900,900	233,000	870,427,400	870,660,400	233,000

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				1,102,300	2,112,100	1,009,800	684,500	3,844,100	3,159,600
Restricted Funds	879,600	5,000	(874,600)	766,000	766,000		769,600	769,600	
Federal Funds				3,643,700	4,373,000	729,300	3,839,400	4,603,300	763,900
TOTAL ADDITIONAL	879,600	5,000	(874,600)	5,512,000	7,251,100	1,739,100	5,293,500	9,217,000	3,923,500

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E - Education Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
General Fund									
Restricted Funds				800,000	800,000				
Federal Funds				850,000	850,000				
Bond Funds					15,707,000	15,707,000			
Capital Construction Surplus				335,000	335,000				
Investment Income				400,000	400,000		400,000	400,000	
TOTAL CAPITAL				2,385,000	18,092,000	15,707,000	400,000	400,000	

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E - Education Cabinet

Operating Budget

General Administration and Program Support

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,325,200	2,325,200		2,425,200	2,425,200		2,425,200	2,425,200	
Restricted Funds	6,122,200	6,122,200		6,393,400	6,393,400		6,502,400	6,502,400	
Federal Funds	190,000	190,000		190,000	190,000		190,000	190,000	
Regular Total Funds	8,637,400	8,637,400		9,008,600	9,008,600		9,117,600	9,117,600	
Use of Continuing									
TOTAL FUNDS	8,637,400	8,637,400		9,008,600	9,008,600		9,117,600	9,117,600	
II. EXPENDITURE CATEGORY									
Personnel Costs	6,834,300	6,834,300		7,086,800	7,086,800		7,200,500	7,200,500	
Operating Expenses	1,510,300	1,510,300		1,604,600	1,604,600		1,599,900	1,599,900	
Grants, Loans, Benefits	250,600	250,600		275,000	275,000		275,000	275,000	
Capital Outlay	42,200	42,200		42,200	42,200		42,200	42,200	
TOTAL EXPENDITURES	8,637,400	8,637,400		9,008,600	9,008,600		9,117,600	9,117,600	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,325,200	2,325,200		2,425,200	2,425,200		2,425,200	2,425,200	
Restricted Funds	6,122,200	6,122,200		6,393,400	6,393,400		6,502,400	6,502,400	
Federal Funds	190,000	190,000		190,000	190,000		190,000	190,000	
Regular Total Funds	8,637,400	8,637,400		9,008,600	9,008,600		9,117,600	9,117,600	
Use of Continuing									
TOTAL BASE LEVEL	8,637,400	8,637,400		9,008,600	9,008,600		9,117,600	9,117,600	
TRANSFERS TO THE GENERAL FUND									
General Administration and Program Support									
Agency Revenue Fund	53,000	53,000		75,000	75,000		89,600	89,600	
TOTAL	53,000	53,000		75,000	75,000		89,600	89,600	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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General Administration and Program Support

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from General Administration and Program Support, Restricted Funds of \$53,000 in fiscal year 2005-2006, \$75,000 in fiscal year 2006-2007, and \$89,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill provides general fund resources of \$225,000 in each fiscal year of the biennium for the East Kentucky Science Center.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision.

"East Kentucky Science Center: Included in the above General Fund appropriation is \$225,200 in fiscal year 2006-2007 and \$225,200 in fiscal year 2007-2008 for a grant to the East Kentucky Science Center."

E - Education Cabinet

Capital Budget

General Administration and Program Support

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Investment Income				300,000	300,000		300,000	300,000	
TOTAL CAPITAL				300,000	300,000		300,000	300,000	
II. CAPITAL PROJECTS									
1	Maintenance Pool								
PRJ5302503									
Investment Income				300,000	300,000		300,000	300,000	
Project Total				300,000	300,000		300,000	300,000	
TOTAL CAPITAL				300,000	300,000		300,000	300,000	

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E - Education Cabinet

Operating Budget

Deaf and Hard of Hearing

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	845,500	845,500		920,400	920,400		933,000	933,000	
Restricted Funds	257,000	257,000		357,000	590,000	233,000	357,000	590,000	233,000
Regular Total Funds	1,102,500	1,102,500		1,277,400	1,510,400	233,000	1,290,000	1,523,000	233,000
Use of Continuing									
TOTAL FUNDS	1,102,500	1,102,500		1,277,400	1,510,400	233,000	1,290,000	1,523,000	233,000
II. EXPENDITURE CATEGORY									
Personnel Costs	772,500	772,500		804,200	804,200		822,600	822,600	
Operating Expenses	330,000	330,000		473,200	706,200	233,000	467,400	700,400	233,000
TOTAL EXPENDITURES	1,102,500	1,102,500		1,277,400	1,510,400	233,000	1,290,000	1,523,000	233,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	845,500	845,500		820,400	820,400		833,000	833,000	
Restricted Funds	252,000	252,000		252,000	485,000	233,000	252,000	485,000	233,000
Regular Total Funds	1,097,500	1,097,500		1,072,400	1,305,400	233,000	1,085,000	1,318,000	233,000
Use of Continuing									
TOTAL BASE LEVEL	1,097,500	1,097,500		1,072,400	1,305,400	233,000	1,085,000	1,318,000	233,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				100,000	100,000		100,000	100,000	
Restricted Funds	5,000	5,000		105,000	105,000		105,000	105,000	
TOTAL ADDITIONAL	5,000	5,000		205,000	205,000		205,000	205,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB	Deaf and Hard of Hearing - Staff Interpreters								
ABR3400002	Provides Restricted Funds for interpreters services.								
Restricted Funds	5,000	5,000		5,000	5,000		5,000	5,000	
Project Total	5,000	5,000		5,000	5,000		5,000	5,000	
2 GB	Deaf and Hard of Hearing - Specialized Telecommunications Equipment Distribution Program								
ABR3400001	Provides General Fund and Restricted Funds to meet the increase demand for services.								
General Fund				100,000	100,000		100,000	100,000	
Restricted Funds				100,000	100,000		100,000	100,000	
Project Total				200,000	200,000		200,000	200,000	

E - Education Cabinet**Operating Budget****Deaf and Hard of Hearing**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL	5,000	5,000		205,000	205,000		205,000	205,000	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Deaf and Hard of Hearing

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Telecommunication Devices for the Deaf: Included in the above Restricted Funds appropriation is an additional \$100,000 in fiscal year 2006-2007 and \$100,000 in fiscal year 2007-2008 and General Fund moneys of \$100,000 in fiscal year 2006-2007 and \$100,000 in fiscal year 2007-2008 to be used for operating the Telecommunication Devices for the Deaf Distribution Program."

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Restricted funds of \$5,000 in fiscal year 2006-2007 and \$5,000 in fiscal year 2007-2008 received as a result of staff interpreters services.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

"Specialized Telecommunication Equipment: Included in the above Restricted Funds appropriation is an additional \$100,000 in fiscal year 2006-2007 and \$100,000 in fiscal year 2007-2008 and General Fund moneys of \$100,000 in fiscal year 2006-2007 and \$100,000 in fiscal year 2007-2008 to be used for operating the Specialized Telecommunication Equipment Distribution Program."

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E - Education Cabinet

Operating Budget

Kentucky Educational Television

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	14,208,300	14,208,300		14,694,500	14,694,500		14,909,100	16,816,100	1,907,000
Restricted Funds	996,500	996,500		1,066,300	1,066,300		1,048,000	1,048,000	
Federal Funds	700,000	700,000		700,000	700,000		700,000	700,000	
Regular Total Funds	15,904,800	15,904,800		16,460,800	16,460,800		16,657,100	18,564,100	1,907,000
Use of Continuing									
TOTAL FUNDS	15,904,800	15,904,800		16,460,800	16,460,800		16,657,100	18,564,100	1,907,000
II. EXPENDITURE CATEGORY									
Personnel Costs	9,584,200	9,584,200		10,145,400	10,145,400		10,341,700	10,341,700	
Operating Expenses	4,960,900	4,960,900		4,955,700	4,955,700		4,955,700	4,955,700	
Grants, Loans, Benefits	459,700	459,700		459,700	459,700		459,700	459,700	
Debt Service								1,907,000	1,907,000
Capital Outlay	900,000	900,000		900,000	900,000		900,000	900,000	
TOTAL EXPENDITURES	15,904,800	15,904,800		16,460,800	16,460,800		16,657,100	18,564,100	1,907,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	14,208,300	14,208,300		14,694,500	14,694,500		14,909,100	14,909,100	
Restricted Funds	996,500	996,500		1,066,300	1,066,300		1,048,000	1,048,000	
Federal Funds	700,000	700,000		700,000	700,000		700,000	700,000	
Regular Total Funds	15,904,800	15,904,800		16,460,800	16,460,800		16,657,100	16,657,100	
Use of Continuing									
TOTAL BASE LEVEL	15,904,800	15,904,800		16,460,800	16,460,800		16,657,100	16,657,100	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund								1,907,000	1,907,000
TOTAL ADDITIONAL								1,907,000	1,907,000
V. ADDITIONAL BUDGET ITEMS									
1 NEW Debt Service									
ABR5450001	Provides debt service funds to support Bond Funds totaling \$15.7 Million for the replacement of the Master Control and Production Infrastructure.								
General Fund								1,907,000	1,907,000
Project Total								1,907,000	1,907,000
TOTAL ADDITIONAL								1,907,000	1,907,000

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Kentucky Educational Television

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides General Fund support totaling \$1,907,000 in fiscal year 2007-2008 for debt service for \$15,707,000 in Bond Funds in Part II to replace the master control and production infrastructure for Kentucky Educational Television.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision.

"Debt Service: Included in the above General Fund appropriation is \$1,907,000 in fiscal year 2007-2008 to provide debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

The General Assembly amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include \$15,707,000 in Bond Funds for the project to Replace the Master Control and Production Infrastructure.

E - Education Cabinet

Capital Budget

Kentucky Educational Television

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds					15,707,000	15,707,000			
Investment Income				100,000	100,000		100,000	100,000	
TOTAL CAPITAL				100,000	15,807,000	15,707,000	100,000	100,000	
II. CAPITAL PROJECTS									
1	Maintenance Pool								
PRJ5452536									
Investment Income				100,000	100,000		100,000	100,000	
Project Total				100,000	100,000		100,000	100,000	
2	Replace Master Control & Production Infrastructure								
PRJ5452534									
Bond Funds					15,707,000	15,707,000			
Project Total					15,707,000	15,707,000			
TOTAL CAPITAL				100,000	15,807,000	15,707,000	100,000	100,000	

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E - Education Cabinet

Operating Budget

Environmental Education Council

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	1,061,800	187,200	(874,600)	192,800	192,800		194,400	194,400	
Regular Total Funds	1,061,800	187,200	(874,600)	192,800	192,800		194,400	194,400	
Use of Continuing									
TOTAL FUNDS	1,061,800	187,200	(874,600)	192,800	192,800		194,400	194,400	

II. EXPENDITURE CATEGORY

Personnel Costs	212,000	115,300	(96,700)	130,900	130,900	132,300	132,300
Operating Expenses	31,400	31,400		31,400	31,400	31,400	31,400
Grants, Loans, Benefits	818,400	40,500	(777,900)	30,500	30,500	30,700	30,700
TOTAL EXPENDITURES	1,061,800	187,200	(874,600)	192,800	192,800	194,400	194,400

III. BASE LEVEL BUDGET BY FUND SOURCE

Restricted Funds	187,200	187,200	192,800	192,800	194,400	194,400
Regular Total Funds	187,200	187,200	192,800	192,800	194,400	194,400
Use of Continuing						
TOTAL BASE LEVEL	187,200	187,200	192,800	192,800	194,400	194,400

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

Restricted Funds	874,600	(874,600)
TOTAL ADDITIONAL	874,600	(874,600)

V. ADDITIONAL BUDGET ITEMS

1 EXPAN Environmental Education Council - Job Embedded Prof. Development & Green Schools

ABR4070001	Provides current year authority to expend interest from state bond issue for job embedded professional development pursuant to the Environmental Master Plan and for a Green Schools website.
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Restricted Funds	874,600	(874,600)
Project Total	874,600	(874,600)
<hr/>		
TOTAL ADDITIONAL	874,600	(874,600)

TRANSFERS TO THE GENERAL FUND

Environmental Education Council

Agency Revenue Fund (KRS 224.43-505(2)(b))	874,600	874,600
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E - Education Cabinet**Operating Budget****Environmental Education Council**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL		874,600	874,600						

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Environmental Education Council

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill provides from non-recurring Kentucky Pride bond interest, Restricted Funds of \$874,600 in fiscal year 2005-2006 for the execution of the Environmental Master Plan pursuant to KRS 224.43-505(2)(b) and for the creation of a green schools website. Up to seven percent of the interest receipts may be used for administrative costs associated with implementing the provisions of the Plan.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly does not provide Restricted Funds of \$874,600 in fiscal year 2005-2006 for the execution of the Environmental Master Plan.

The General Assembly amends Part V, Funds Transfer, to include a transfer from the Environmental Education Council, Restricted Funds of \$874,600 in fiscal year 2005-2006.

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FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

E - Education Cabinet

Operating Budget

Libraries and Archives Summary

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	13,447,100	13,447,100		13,705,000	14,305,000	600,000	13,814,300	14,689,300	875,000
Restricted Funds	1,427,900	1,427,900		1,453,400	1,453,400		1,469,900	1,469,900	
Federal Funds	2,303,000	2,303,000		2,388,500	2,388,500		2,410,100	2,410,100	
Regular Total Funds	17,178,000	17,178,000		17,546,900	18,146,900	600,000	17,694,300	18,569,300	875,000
Use of Continuing									
TOTAL FUNDS	17,178,000	17,178,000		17,546,900	18,146,900	600,000	17,694,300	18,569,300	875,000

II. EXPENDITURE CATEGORY

Personnel Costs	6,694,700	6,694,700		7,042,300	7,042,300		7,189,700	7,189,700	
Operating Expenses	3,628,400	3,628,400		3,649,700	3,649,700		3,649,700	3,649,700	
Grants, Loans, Benefits	6,814,900	6,814,900		6,814,900	7,414,900	600,000	6,814,900	7,689,900	875,000
Capital Outlay	40,000	40,000		40,000	40,000		40,000	40,000	
TOTAL EXPENDITURES	17,178,000	17,178,000		17,546,900	18,146,900	600,000	17,694,300	18,569,300	875,000

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	13,447,100	13,447,100		13,705,000	13,705,000		13,814,300	13,814,300	
Restricted Funds	1,427,900	1,427,900		1,453,400	1,453,400		1,469,900	1,469,900	
Federal Funds	2,303,000	2,303,000		2,388,500	2,388,500		2,410,100	2,410,100	
Regular Total Funds	17,178,000	17,178,000		17,546,900	17,546,900		17,694,300	17,694,300	
Use of Continuing									
TOTAL BASE LEVEL	17,178,000	17,178,000		17,546,900	17,546,900		17,694,300	17,694,300	

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				600,000	600,000		875,000	875,000	
TOTAL ADDITIONAL				600,000	600,000		875,000	875,000	

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E - Education Cabinet

Capital Budget

Libraries and Archives Summary

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

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E - Education Cabinet

Operating Budget

Library and Archives

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	7,015,700	7,015,700		7,273,600	7,273,600		7,382,900	7,382,900	
Restricted Funds	1,418,900	1,418,900		1,444,400	1,444,400		1,460,900	1,460,900	
Federal Funds	1,879,000	1,879,000		1,964,500	1,964,500		1,986,100	1,986,100	
Regular Total Funds	10,313,600	10,313,600		10,682,500	10,682,500		10,829,900	10,829,900	
Use of Continuing									
TOTAL FUNDS	10,313,600	10,313,600		10,682,500	10,682,500		10,829,900	10,829,900	
II. EXPENDITURE CATEGORY									
Personnel Costs	6,694,700	6,694,700		7,042,300	7,042,300		7,189,700	7,189,700	
Operating Expenses	3,501,900	3,501,900		3,523,200	3,523,200		3,523,200	3,523,200	
Grants, Loans, Benefits	77,000	77,000		77,000	77,000		77,000	77,000	
Capital Outlay	40,000	40,000		40,000	40,000		40,000	40,000	
TOTAL EXPENDITURES	10,313,600	10,313,600		10,682,500	10,682,500		10,829,900	10,829,900	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	7,015,700	7,015,700		7,273,600	7,273,600		7,382,900	7,382,900	
Restricted Funds	1,418,900	1,418,900		1,444,400	1,444,400		1,460,900	1,460,900	
Federal Funds	1,879,000	1,879,000		1,964,500	1,964,500		1,986,100	1,986,100	
Regular Total Funds	10,313,600	10,313,600		10,682,500	10,682,500		10,829,900	10,829,900	
Use of Continuing									
TOTAL BASE LEVEL	10,313,600	10,313,600		10,682,500	10,682,500		10,829,900	10,829,900	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Libraries and Archives

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

E - Education Cabinet

Operating Budget

Library and Archives - Direct Local Aid

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	6,431,400	6,431,400		6,431,400	7,031,400	600,000	6,431,400	7,306,400	875,000
Restricted Funds	9,000	9,000		9,000	9,000		9,000	9,000	
Federal Funds	424,000	424,000		424,000	424,000		424,000	424,000	
Regular Total Funds	6,864,400	6,864,400		6,864,400	7,464,400	600,000	6,864,400	7,739,400	875,000
Use of Continuing									
TOTAL FUNDS	6,864,400	6,864,400		6,864,400	7,464,400	600,000	6,864,400	7,739,400	875,000
II. EXPENDITURE CATEGORY									
Operating Expenses	126,500	126,500		126,500	126,500		126,500	126,500	
Grants, Loans, Benefits	6,737,900	6,737,900		6,737,900	7,337,900	600,000	6,737,900	7,612,900	875,000
TOTAL EXPENDITURES	6,864,400	6,864,400		6,864,400	7,464,400	600,000	6,864,400	7,739,400	875,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	6,431,400	6,431,400		6,431,400	6,431,400		6,431,400	6,431,400	
Restricted Funds	9,000	9,000		9,000	9,000		9,000	9,000	
Federal Funds	424,000	424,000		424,000	424,000		424,000	424,000	
Regular Total Funds	6,864,400	6,864,400		6,864,400	6,864,400		6,864,400	6,864,400	
Use of Continuing									
TOTAL BASE LEVEL	6,864,400	6,864,400		6,864,400	6,864,400		6,864,400	6,864,400	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					600,000	600,000		875,000	875,000
TOTAL ADDITIONAL					600,000	600,000		875,000	875,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Libraries and Archives - Direct Local Aid - Public Library Facilities Construction Fund									
ABR555B0005	Provides funds to increase resources available for debt assistance grants to local public libraries.								
General Fund					600,000	600,000		600,000	600,000
Project Total					600,000	600,000		600,000	600,000
2 GB Libraries and Archives - Direct Local Aid - Bookmobile Program									
ABR555B0002	Provides additional funds for the Bookmobile program.								
General Fund								275,000	275,000
Project Total								275,000	275,000

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

E - Education Cabinet

Operating Budget

Library and Archives - Direct Local Aid

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL					600,000	600,000		875,000	875,000

**Fiscal Biennium 2006-2008
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Direct Local Aid

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Per Capita Grants: Included in the above General Fund appropriation is \$4,000,000 in each fiscal year to award per capita grants in accordance with KRS 171.201. Notwithstanding KRS 171.201, the allotment of General Fund dollars distributed to each local library district shall not be less than received in fiscal year 2005-2006."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides General Fund support totaling \$600,000 in each fiscal year for the Public Library Facilities Construction Fund for debt assistance grants to local public libraries.

The General Assembly provides General Fund support totaling \$275,000 in fiscal year 2007-2008 for the Bookmobile program.

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E - Education Cabinet

Operating Budget

Office for the Blind

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,307,700	1,307,700		1,335,300	1,335,300		1,343,200	1,343,200	
Restricted Funds	1,972,000	1,972,000		1,955,300	1,955,300		1,955,300	1,955,300	
Federal Funds	9,138,400	9,138,400		9,349,400	9,349,400		9,477,200	9,477,200	
Regular Total Funds	12,418,100	12,418,100		12,640,000	12,640,000		12,775,700	12,775,700	
Use of Continuing									
TOTAL FUNDS	12,418,100	12,418,100		12,640,000	12,640,000		12,775,700	12,775,700	
II. EXPENDITURE CATEGORY									
Personnel Costs	5,781,100	5,781,100		6,662,000	6,662,000		6,797,800	6,797,800	
Operating Expenses	1,320,800	1,320,800		1,320,800	1,320,800		1,320,800	1,320,800	
Grants, Loans, Benefits	5,316,200	5,316,200		4,657,200	4,657,200		4,657,100	4,657,100	
TOTAL EXPENDITURES	12,418,100	12,418,100		12,640,000	12,640,000		12,775,700	12,775,700	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	1,307,700	1,307,700		1,335,300	1,335,300		1,343,200	1,343,200	
Restricted Funds	1,972,000	1,972,000		1,955,300	1,955,300		1,955,300	1,955,300	
Federal Funds	9,138,400	9,138,400		8,955,600	8,955,600		9,060,800	9,060,800	
Regular Total Funds	12,418,100	12,418,100		12,246,200	12,246,200		12,359,300	12,359,300	
Use of Continuing									
TOTAL BASE LEVEL	12,418,100	12,418,100		12,246,200	12,246,200		12,359,300	12,359,300	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Federal Funds				393,800	393,800		416,400	416,400	
TOTAL ADDITIONAL				393,800	393,800		416,400	416,400	
V. ADDITIONAL BUDGET ITEMS									
1 GB Office for the Blind - General Positions									
ABR531A0001 Provide Federal Funds to support 8 full-time and 2 part-time positions									
Federal Funds				393,800	393,800		416,400	416,400	
Project Total				393,800	393,800		416,400	416,400	
TOTAL ADDITIONAL				393,800	393,800		416,400	416,400	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Office for the Blind

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Federal Funds of \$393,800 in fiscal year 2006-2007 and \$416,400 in fiscal year 2007-2008 to support 8 full-time and 2 part-time positions.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

E - Education Cabinet

Operating Budget

Employment and Training

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	3,015,000	3,015,000		3,000,000	3,000,000		3,000,000	3,000,000	
Federal Funds	669,338,200	669,338,200		672,218,400	672,218,400		672,371,200	672,371,200	
Regular Total Funds	672,353,200	672,353,200		675,218,400	675,218,400		675,371,200	675,371,200	
Use of Continuing									
TOTAL FUNDS	672,353,200	672,353,200		675,218,400	675,218,400		675,371,200	675,371,200	
II. EXPENDITURE CATEGORY									
Personnel Costs	44,706,900	44,706,900		48,153,900	48,153,900		48,251,800	48,251,800	
Operating Expenses	11,397,300	11,397,300		10,830,000	10,830,000		10,884,900	10,884,900	
Grants, Loans, Benefits	616,249,000	616,249,000		616,234,500	616,234,500		616,234,500	616,234,500	
TOTAL EXPENDITURES	672,353,200	672,353,200		675,218,400	675,218,400		675,371,200	675,371,200	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	3,015,000	3,015,000		3,000,000	3,000,000		3,000,000	3,000,000	
Federal Funds	669,338,200	669,338,200		669,338,200	669,338,200		669,338,200	669,338,200	
Regular Total Funds	672,353,200	672,353,200		672,338,200	672,338,200		672,338,200	672,338,200	
Use of Continuing									
TOTAL BASE LEVEL	672,353,200	672,353,200		672,338,200	672,338,200		672,338,200	672,338,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Federal Funds				2,880,200	2,880,200		3,033,000	3,033,000	
TOTAL ADDITIONAL				2,880,200	2,880,200		3,033,000	3,033,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB	Employment and Training - Unemployment Insurance Administration								
ABR531B0004	Provides Federal Funds for 42 full-time, 4 part-time, and 21 other vacancies.								
Federal Funds				1,798,900	1,798,900		1,894,600	1,894,600	
Project Total				1,798,900	1,798,900		1,894,600	1,894,600	
2 GB	Employment and Training - Employment and Placement Services, Special Programs								
ABR531B0006	Provides Federal Funds to fill one full-time vacancy.								
Federal Funds				41,700	41,700		43,900	43,900	
Project Total				41,700	41,700		43,900	43,900	

E - Education Cabinet

Operating Budget

Employment and Training

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3	GB	Employment and Training - Employment and Placement Services, Workforce Investment Act								
ABR531B0005		Provides Federal Funds to fill four vacancies.								
Federal Funds					181,900	181,900		191,300	191,300	
Project Total					181,900	181,900		191,300	191,300	
4	GB	Employment and Training - Employment and Placement Services, Job Placement Services								
ABR531B0001		Provides Federal Funds to fill vacancies.								
Federal Funds					547,700	547,700		574,700	574,700	
Project Total					547,700	547,700		574,700	574,700	
5	GB	Employment and Training - Employment and Placement Services, Special Employment Support Services								
ABR531B0002		Provides Federal Funds to fill vacancies.								
Federal Funds					268,300	268,300		284,600	284,600	
Project Total					268,300	268,300		284,600	284,600	
6	GB	Employment and Training - Employment and Placement Services, Employment Information Support								
ABR531B0003		Provides Federal Funds to fill vacancy.								
Federal Funds					41,700	41,700		43,900	43,900	
Project Total					41,700	41,700		43,900	43,900	
TOTAL ADDITIONAL					2,880,200	2,880,200		3,033,000	3,033,000	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Employment and Training

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Unemployment Insurance Penalty and Interest Account: Notwithstanding KRS 341.835, \$3,000,000 from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund may be used during each fiscal year by the Office of Employment and Training to operate employment, training, and unemployment insurance programs."

"Reed Act Distribution: In addition to supplementing the Unemployment Insurance Trust Fund, Federal Funds made available to Kentucky as a result of the Reed Act distribution under Section 903(d) of the Social Security Act, as amended, may be used for the administration of the unemployment compensation law and the public employment offices for costs allowable under the Unemployment Insurance and Wagner-Peyser programs with prior approval by the Office of State Budget Director."

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Federal Funds of \$1,798,900 in fiscal year 2006-2007 and \$1,894,600 in fiscal year 2007-2008 to fill 142 vacancies in Unemployment Insurance Administration.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Federal Funds of \$41,700 in fiscal year 2006-2007 and \$43,900 in fiscal year 2007-2008 to fill vacancies in Employment and Placement Services, Special Programs.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Federal Funds of \$181,900 in fiscal year 2006-2007 and \$191,300 in fiscal year 2007-2008 to fill vacancies in Employment and Placement Services, Workforce Investment Act.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Federal Funds of \$547,700 in fiscal year 2006-2007 and \$574,700 in fiscal year 2007-2008 to fill vacancies in Employment and Placement Services, Job Placement Services.

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Employment and Training

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Federal Funds of \$268,300 in fiscal year 2006-2007 and \$284,600 in fiscal year 2007-2008 to fill vacancies in Employment and Placement Services, Special Employment Support Services.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Federal Funds of \$41,700 in fiscal year 2006-2007 and \$43,900 in fiscal year 2007-2008 to fill vacancies in Employment and Placement Services, Employment Information Support.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following language change:

"Reed Act Distribution: In addition to supplementing the Unemployment Insurance Trust Fund, Federal Funds made available to Kentucky as a result of the Reed Act distribution under Section 903(d) of the Social Security Act, as amended, in the amount of \$2,000,000 in fiscal year 2006-2007 and \$2,000,000 in fiscal year 2007-2008, are hereby appropriated to the Office of Unemployment and Training for the administration of the unemployment compensation law and the public employment offices for costs allowable under the Unemployment Insurance and Wagner-Peyser programs."

E - Education Cabinet**Capital Budget****Employment and Training**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				800,000	800,000				
Federal Funds				850,000	850,000				
Capital Construction Surplus				335,000	335,000				
TOTAL CAPITAL				1,985,000	1,985,000				
II. CAPITAL PROJECTS									
1	Replace HVAC System - Winchester OET								
PRJ531D2501									
Capital Construction Surplus				335,000	335,000				
Project Total				335,000	335,000				
2	KEWES - Seibel Upgrade								
PRJ531D2499									
Restricted Funds				550,000	550,000				
Federal Funds				600,000	600,000				
Project Total				1,150,000	1,150,000				
3	KEWES - Appeals Upgrade								
PRJ531D2504									
Restricted Funds				250,000	250,000				
Federal Funds				250,000	250,000				
Project Total				500,000	500,000				
TOTAL CAPITAL				1,985,000	1,985,000				

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E - Education Cabinet

Operating Budget

Career and Technical Education

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	30,676,400	30,676,400		30,005,200	30,090,200	85,000	29,844,300	29,894,500	50,200
Restricted Funds	20,056,800	20,056,800		20,165,400	20,165,400		20,220,400	20,220,400	
Federal Funds	15,179,700	15,179,700		15,188,500	15,188,500		15,188,500	15,188,500	
Regular Total Funds	65,912,900	65,912,900		65,359,100	65,444,100	85,000	65,253,200	65,303,400	50,200
Use of Continuing									
TOTAL FUNDS	65,912,900	65,912,900		65,359,100	65,444,100	85,000	65,253,200	65,303,400	50,200
II. EXPENDITURE CATEGORY									
Personnel Costs	38,092,900	38,092,900		39,320,500	39,320,500		39,895,500	39,895,500	
Operating Expenses	10,893,900	10,893,900		10,861,700	10,946,700	85,000	10,282,700	10,332,900	50,200
Grants, Loans, Benefits	16,466,100	16,466,100		14,670,800	14,670,800		14,665,400	14,665,400	
Capital Outlay	460,000	460,000		506,100	506,100		409,600	409,600	
TOTAL EXPENDITURES	65,912,900	65,912,900		65,359,100	65,444,100	85,000	65,253,200	65,303,400	50,200
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	30,676,400	30,676,400		29,002,900	29,002,900		29,259,800	29,259,800	
Restricted Funds	20,056,800	20,056,800		19,504,400	19,504,400		19,555,800	19,555,800	
Federal Funds	15,179,700	15,179,700		15,188,500	15,188,500		15,188,500	15,188,500	
Regular Total Funds	65,912,900	65,912,900		63,695,800	63,695,800		64,004,100	64,004,100	
Use of Continuing									
TOTAL BASE LEVEL	65,912,900	65,912,900		63,695,800	63,695,800		64,004,100	64,004,100	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				1,002,300	1,087,300	85,000	584,500	634,700	50,200
Restricted Funds				661,000	661,000		664,600	664,600	
TOTAL ADDITIONAL				1,663,300	1,748,300	85,000	1,249,100	1,299,300	50,200
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Career and Technical Education Accessibility Fund (CTEAF)									
ABR531C0006 Provides General Fund and Restricted Funds for operating ATCs in Pulaski, Warren, and Butler Counties.									
General Fund				1,002,300	1,002,300		584,500	584,500	
Restricted Funds				600,000	600,000		600,000	600,000	
Project Total				1,602,300	1,602,300		1,184,500	1,184,500	

E - Education Cabinet

Operating Budget

Career and Technical Education

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	GB	Career and Technical Education - Contract Services									
ABR531C0001 Provides Restricted Funds for a 12 month instructor at a juvenile justice facility.											
Restricted Funds						61,000	61,000		64,600	64,600	
Project Total						61,000	61,000		64,600	64,600	
3	NEW	Mayfield-Graves County Area Technology Center									
ABR531C0009 Provides General Fund for operating and equipment of the carpentry program											
General Fund							85,000	85,000		50,200	50,200
Project Total							85,000	85,000		50,200	50,200
TOTAL ADDITIONAL						1,663,300	1,748,300	85,000	1,249,100	1,299,300	50,200

TRANSFERS TO THE GENERAL FUND**Career and Technical Education**

Agency Revenue Fund	656,800	656,800
TOTAL	656,800	656,800

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Career and Technical Education

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Career and Technical Education, Restricted Funds of \$656,800 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Participation in the Education Technology Program by Area Vocational Education Centers: Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds. The School Facilities Construction Commission shall include Area Vocational Education Centers in any offers of assistance to local school districts for technology assistance during the 2006-2008 fiscal biennium."

"Area Technology Centers: Included in the above General Fund appropriation is \$1,645,100 in fiscal year 2006-2007 and \$1,092,300 in fiscal year 2007-2008 for program operations at Pulaski, Warren, and Butler County Area Technology Centers and state-operated technical programs at Hancock and Kenton County schools. Included in the above Restricted Funds appropriation is \$600,000 in each fiscal year from the Department of Education for support of the ongoing operational costs for Pulaski, Warren, and Butler County Area Technology Centers and state-operated technical programs at Hancock and Kenton County schools."

"Transfer of State-Operated Secondary Vocational Education and Technology Centers: (a) Notwithstanding KRS 151B.035, 151B.040, 151B.045, 151B.050, 151B.055, 151B.070, or any other statute to the contrary, effective at the beginning of fiscal year 2006-2007 a local board of education may submit a request to the Executive Director of the Office of Career and Technical

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Career and Technical Education

Education to assume authority for the management and control of a state-operated secondary vocational education and technology center. Upon agreement between the Executive Director of the Office of Career and Technical Education and the local board of education for the transfer of a state-operated secondary vocational education and technology center, all personnel, equipment and supplies shall be transferred to the local board of education and shall only be utilized for the operation of the locally operated vocational center. The transfer of management and control of the secondary area vocational education and technology center shall be considered a permanent transfer to the local district.

(b) All certified employees who are affected by a transfer to the local board of education under this provision shall be granted one year limited contracts by the local board of education and shall be employed on the local district salary schedule. Classified employees shall be guaranteed employment equal to their present status for at least one complete school term. Transferred employees shall be provided the benefits of comparable employees in the district and shall be subject to all rules and policies of the local board of education, including but not limited to disciplinary and personnel actions that are the same as those that may be exercised by the district for any other employee in the district during a contract period.

(c) The transferred employees who have accrued annual leave and compensatory time shall be paid a lump sum for the accrued time at the effective date of the transfer by the Office of Career and Technical Education. The employee shall be granted credit for accrued sick leave up to the maximum allowed for transfers for teachers between school districts. Sick leave credit shall be awarded to classified employees based on the local board policy. Any excess sick leave that a classified or certified employee has earned that the district will not accept in the transfer may be requested to be held in escrow by the appropriate state personnel system under KRS Chapter 18A or KRS Chapter 151B, and the sick leave balance shall be restored to the employee if the employee returns to a state government position.

(d) An employee who is to be transferred to a local board of education under provisions of this section but who chooses not to accept a one year limited contract with the board shall be separated from the state system and the employee's position shall be abolished. Notwithstanding any other statute, the employee may apply for any state position for which the employee is qualified but shall not be granted priority over other applicants for a position because the employee's position was abolished due to a transfer of the vocational education and technology center. An employee who refuses a contract with the local board shall be provided a lump-sum payment for accrued annual leave and compensatory time, and the employee's sick leave balance shall be placed in escrow by the appropriate state personnel system under KRS Chapter 18A or KRS Chapter 151B. The sick leave balance shall be restored to the employee if the employee returns to a state government position.

(e) A certified employee, other than the principal, who has earned continuing status in the state certified personnel system under KRS Chapter 151B may be granted tenure under the provisions of KRS 161.740(1)(c). A principal may be granted tenure as a teacher, but the provisions relating to demotion of the principal under KRS 161.765 shall apply.

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Career and Technical Education

(f) Employees of the Office of Career and Technical Education who are transferred to the local school district and who occupy a position covered by the Kentucky Teachers' Retirement System shall remain in the Teachers' Retirement System.

(g) The General Fund moneys previously appropriated to the Office of Career and Technical Education for support of the transferred state-operated vocational technical school shall be appropriated to the Kentucky Department of Education for support of the local board of education center operations effective at the beginning of fiscal year 2006-2007. In addition, the local board of education shall receive 100 percent of the Support Education Excellence in Kentucky (SEEK) Program funds from the Kentucky Department of Education that are generated from students enrolled in the center."

The State/Executive Branch Budget Bill, Part I, Operating Budget provides General Fund of \$1,002,300 in fiscal year 2006-2007 and \$584,500 in fiscal year 2007-2008 and Restricted Funds of \$600,000 in fiscal year 2006-2007 and \$600,000 in fiscal year 2007-2008 for additional operating funds for Area Technical Centers in Pulaski, Warren, and Butler counties.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Restricted Funds of \$61,000 in fiscal year 2006-2007 and \$64,600 in fiscal year 2007-2008 for a 12-month instructor at a juvenile justice facility.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"Area Technology Centers: Included in the above General Fund appropriation is \$1,002,300 in fiscal year 2006-2007 and \$584,500 in fiscal year 2007-2008 for program operations at Pulaski, Warren, and Butler County Area Technology Centers. Included in the above Restricted Funds appropriation is \$600,000 in each fiscal year from the Department of Education for support of the ongoing operational costs for Pulaski, Warren, and Butler County Area Technology Centers and state-operated technical programs at Hancock and Kenton County schools. Notwithstanding KRS 45.229, unexpended General Fund appropriations to the Career and Technical Education Accessibility Fund for fiscal year 2005-2006, not to exceed \$142,000, shall not lapse and shall carry forward to fiscal year 2006-2007 to be used for the purchase of welding, carpentry, and automotive equipment for new vocational programs at the Pulaski, Warren, and Butler County area technology centers."

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Career and Technical Education

The General Assembly provides General Fund support totaling \$85,000 in fiscal year 2006-2007 and \$50,200 in fiscal year 2007-2008 for operations and equipment at Mayfield-Graves County Area Technology Center.

E - Education Cabinet

Operating Budget

Vocational Rehabilitation

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	12,707,000	12,707,000		12,764,900	13,089,700	324,800	12,807,000	13,134,400	327,400
Restricted Funds	2,904,100	2,904,100		2,673,500	2,673,500		2,675,600	2,675,600	
Federal Funds	46,341,400	46,341,400		45,912,700	46,642,000	729,300	45,727,300	46,491,200	763,900
Regular Total Funds	61,952,500	61,952,500		61,351,100	62,405,200	1,054,100	61,209,900	62,301,200	1,091,300
Use of Continuing									
TOTAL FUNDS	61,952,500	61,952,500		61,351,100	62,405,200	1,054,100	61,209,900	62,301,200	1,091,300
II. EXPENDITURE CATEGORY									
Personnel Costs	25,845,300	25,845,300		26,737,000	27,641,100	904,100	27,175,300	28,116,600	941,300
Operating Expenses	4,719,500	4,719,500		4,695,700	4,845,700	150,000	4,719,100	4,869,100	150,000
Grants, Loans, Benefits	31,327,700	31,327,700		29,858,400	29,858,400		29,255,500	29,255,500	
Capital Outlay	60,000	60,000		60,000	60,000		60,000	60,000	
TOTAL EXPENDITURES	61,952,500	61,952,500		61,351,100	62,405,200	1,054,100	61,209,900	62,301,200	1,091,300
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	12,707,000	12,707,000		12,764,900	12,764,900		12,807,000	12,807,000	
Restricted Funds	2,904,100	2,904,100		2,673,500	2,673,500		2,675,600	2,675,600	
Federal Funds	46,341,400	46,341,400		45,543,000	45,543,000		45,337,300	45,337,300	
Regular Total Funds	61,952,500	61,952,500		60,981,400	60,981,400		60,819,900	60,819,900	
Use of Continuing									
TOTAL BASE LEVEL	61,952,500	61,952,500		60,981,400	60,981,400		60,819,900	60,819,900	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					324,800	324,800		327,400	327,400
Federal Funds				369,700	1,099,000	729,300	390,000	1,153,900	763,900
TOTAL ADDITIONAL				369,700	1,423,800	1,054,100	390,000	1,481,300	1,091,300
V. ADDITIONAL BUDGET ITEMS									
1 GB Vocational Rehabilitation - Program Services									
ABR531D0001	Provides General Fund and Federal Funds for 8 new Vocational Rehabilitation Counselors, 4 Rehabilitation Assistants, 3 Rehabilitation Managers, and 1 Accountant III								
General Fund					174,800	174,800		177,400	177,400
Federal Funds					729,300	729,300		763,900	763,900
Project Total					904,100	904,100		941,300	941,300

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Operating Budget

Vocational Rehabilitation

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	GB	Vocational Rehabilitation - Carl D Perkins Rehab Center									
ABR531D0002			Provide Federal Funds for nine permanent full-time positions.								
Federal Funds						367,300	367,300		388,100	388,100	
Project Total						367,300	367,300		388,100	388,100	
3	GB	Vocational Rehabilitation - Executive Director									
ABR531D0003			Provide Federal Funds for indirect cost transfers to fund positions included in the Education Cabinets Office of Budget and Administration.								
Federal Funds						2,400	2,400		1,900	1,900	
Project Total						2,400	2,400		1,900	1,900	
4	EXPAN	Interpreter Services and Deaf Student Support									
ABR531D0005			Provide General Fund for interpreters services and deaf student support at postsecondary institutions.								
General Fund							150,000	150,000		150,000	150,000
Project Total							150,000	150,000		150,000	150,000
TOTAL ADDITIONAL						369,700	1,423,800	1,054,100	390,000	1,481,300	1,091,300

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Vocational Rehabilitation

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides in Part I, Operating Budget, General Fund appropriations of \$174,800 and Federal Funds of \$729,300 in fiscal year 2006-2007 and General Fund appropriations of \$177,400 and Federal Funds of \$763,900 in fiscal year 2007-2008 for 15 positions within Vocational Rehabilitation.

The General Assembly provides in Part I, Operating Budget, General Fund appropriations of \$150,000 in each fiscal year for interpreter services and deaf student support at postsecondary institutions.

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Capital Budget

Vocational Rehabilitation

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

I. CAPITAL PROJECT RECAP BY FUND SOURCE

General Fund

TOTAL CAPITAL

II. CAPITAL PROJECTS

1 Vocational Rehabilitation - Fayette County Lease

PRJ531D2505

General Fund

Project Total

2 Franklin Co - Lease

PRJ531D2506

General Fund

Project Total

TOTAL CAPITAL

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E - Education Cabinet

Operating Budget

Education Professional Standards Board

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	10,182,200	10,182,200		10,328,800	10,328,800		10,328,800	10,328,800	
Restricted Funds	1,129,600	1,129,600		1,416,800	1,416,800		1,449,500	1,449,500	
Federal Funds	4,379,200	4,379,200		4,379,200	4,379,200		4,379,200	4,379,200	
Regular Total Funds	15,691,000	15,691,000		16,124,800	16,124,800		16,157,500	16,157,500	
Use of Continuing	631,500	631,500							
TOTAL FUNDS	16,322,500	16,322,500		16,124,800	16,124,800		16,157,500	16,157,500	
II. EXPENDITURE CATEGORY									
Personnel Costs	3,418,500	3,418,500		3,558,000	3,558,000		3,590,700	3,590,700	
Operating Expenses	1,090,000	1,090,000		1,090,000	1,090,000		1,090,000	1,090,000	
Grants, Loans, Benefits	11,814,000	11,814,000		11,476,800	11,476,800		11,476,800	11,476,800	
TOTAL EXPENDITURES	16,322,500	16,322,500		16,124,800	16,124,800		16,157,500	16,157,500	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	10,182,200	10,182,200		10,328,800	10,328,800		10,328,800	10,328,800	
Restricted Funds	1,129,600	1,129,600		1,416,800	1,416,800		1,449,500	1,449,500	
Federal Funds	4,379,200	4,379,200		4,379,200	4,379,200		4,379,200	4,379,200	
Regular Total Funds	15,691,000	15,691,000		16,124,800	16,124,800		16,157,500	16,157,500	
Use of Continuing	631,500	631,500							
TOTAL BASE LEVEL	16,322,500	16,322,500		16,124,800	16,124,800		16,157,500	16,157,500	

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Education Professional Standards Board

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"National Board of Teaching Standards Certification: Notwithstanding KRS 161.134, up to \$800,000 in fiscal year 2006-2007 and \$800,000 in fiscal year 2007-2008 is provided for National Board of Teaching Standards Certification from the General Fund."

"Employment of Leadership Personnel: Notwithstanding KRS 18A.005 to 18A.200, the Education Professional Standards Board shall have the sole authority to determine the employees of the Education Professional Standards Board staff who are exempt from the classified service and to set their compensation comparable to the competitive market."

"Kentucky Teacher Internship Program: Notwithstanding KRS 45.229, any unexpended General Fund appropriation from fiscal year 2005-2006 and fiscal year 2006-2007 shall not lapse and shall carry forward to be used to support operations of the Kentucky Teacher Internship Program."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.